SENATE—*Thursday, May 7, 1998*

The Senate met at 9:30 a.m. and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Sovereign God, and ultimate Ruler of this Nation and the One to whom we are accountable, we join with millions of Americans across this land in humble repentance on this National Day of Prayer. We know that repentance is confessing our need and returning to You. In so many ways, we have drifted from You, Holy Father. Forgive us when we neglect our spiritual heritage as a Nation. Help us when we become dulled in our accountability to You and the moral absolutes of Your commandments. Without absolute righteousness, morality, honesty, integrity, and faithfulness, our society operates in frivolous situational ethics, while the prosperity of our time camouflages the poverty in the soul of our Nation.

May this day of prayer be the beginning of a great spiritual awakening. Bring us to the realization that all we have and are is Your gift. Draw us back into a relationship of grateful trust in You that will make our motto, "In God We Trust," more than a slogan, but the profound expression of our dependence on You to guide and bless this Nation. We confess our false pride and express our full praise. Today, we renew our commitment to You as Lord of this land and of our personal lives. Hear the urgent prayers of Your people and bring us back home to Your heart where we belong. Through our Lord and Saviour. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The able majority leader, Senator LOTT of Mississippi, is recognized.

Mr. LOTT. Thank you, Mr. President.

SCHEDULE

Mr. LOTT. Mr. President, the Senate will resume consideration of the Thompson-Sessions amendment to H.R. 2676, the IRS reform and restructuring bill. Under the previous order, the time between approximately 9:30 and 10 a.m. will be equally divided for debate on the amendment. At the conclusion or yielding back of the time, the Senate will proceed to vote on or in relation to the Thompson-Sessions amendment. I repeat, that will be around 10 o'clock, maybe slightly after. Or, of course, some time could be yielded back.

As a reminder, we have reached an agreement limiting amendments to the bill. However, there are almost 50 amendments on the list. I had hoped maybe there would be a dozen. I assume, even though some of these, or most of them, would qualify as relevant amendments, Senators will decide that they can offer them on some other legislation or some of them, hopefully, will be accepted after working with the managers of the legislation. I hope those who do want to offer amendments will come forward and do that this morning.

We need to begin to get a lineup of which amendments will be debated and voted on and a time that will be used. I see no need to debate these amendments for 2 or 3 hours. Most of them we ought to talk about 30 or 40 minutes and have a vote, because a lot of work has already been done on this legislation. We have two or three contentious issues we need to flesh out and have a debate and vote on, but even those amendments I don't think are going to be critical at this point if either side wins. We still can work further on this once we get to conference, even though I hope the conference will be short. I think it is incumbent upon the Congress to complete this legislation before we go home—I mean in its entirety—for the Memorial Day recess.

We need the cooperation of all Senators in order to complete action on this important bill today, and we all have assumed it will be done today. It should be done today. We don't need to, and should not, drag it over until next week because if it does it will bump everything else. We have high tech, crop insurance, and Department of State authorization, just next week. Higher education is pending out there. We need to act on that.

There will be a lot of work during the next 10 days to see if we can get an understanding of how to proceed, if we are going to proceed, on the tobacco bill. We need to get this done. For those who think I am huffing and puffing here, we can replicate last Thursday night if the Members want to. We can be sitting right here at 11 o'clock finishing up this bill or we can get going. Progress was made yesterday because we got an agreement to limit amendments, but I didn't feel the sense of urgency.

So I say to the managers of the legislation, let's get going. Let's get the amendments racked up and be prepared to tell Senators that if they are not going to come to the floor and offer their amendments they will be shoved off at the end and they will get 5 minutes or 2 minutes to describe their amendments.

Again, we don't want to stifle the Senate being able to work its will, but I think we have to be reasonable and be prepared to complete our work.

I thank my colleagues for their attention. I yield the floor.

UNANIMOUS-CONSENT AGREEMENT—S. 1502

Mr. LOTT. Mr. President, I ask unanimous consent Senator COATS be permitted to sign S. 1502 as Acting President pro tempore.

The PRESIDING OFFICER. (Mr. BROWNBACK). Without objection, it is so ordered.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, the leadership time is reserved.

INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 2676, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 2676) to amend the Internal Revenue Code of 1986 to restructure and reform the Internal Revenue Service, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Thompson/Sessions amendment No. 2356, to strike the exemptions from criminal conflict laws for board member from employee organization.

AMENDMENT NO. 2356

The PRESIDING OFFICER. Under the previous order, the time until 10 a.m. shall be equally divided on the Thompson-Sessions amendment No. 2356.

The Senator from Tennessee.

Mr. THOMPSON. Mr. President, we brought this amendment up yesterday and had a brief discussion. My understanding is we have 30 minutes equally divided; is that correct?

The PRESIDING OFFICER. There are 12 minutes on each side and the time is equally divided until 10 a.m.

Mr. THOMPSON. Mr. President, as you know, part of the IRS reform bill has to do with the creation of an IRS Oversight Board. One of the new members of the IRS Oversight Board is delineated as a representative of an IRS

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

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employees union. However, because of the inherent conflict of interest in this new member's position, the union representative was exempted from four essential ethics laws in the criminal code. That is what our amendment addresses, because the ethics experts in the Office of Government Ethics say these provisions are unprecedented and inadvisable and antithetical to sound Government ethics policy; thus, to sound Government.

In an era in which we seem to receive an awful lot of very general and hazy messages from the bureaucracy, we are getting a quite definitive, clear-cut opinion out of the Office of Government Ethics with regard to this exemption, and that is that these provisions are unprecedented and, therefore, inadvisable.

I think it makes common sense. I must say that my primary interest in this as chairman of the Governmental Affairs Committee has to do with the rules under which our Federal employees operate. We do have an Office of Government Ethics. We do have ethics provisions. They are for good reason. We could talk about these provisions in some detail, but, generally speaking, one of the main things they try to address is to keep people from being compensated by outside entities and outside groups while they are on the Federal Government's payroll. In other words, if an employee is going to be on the Federal Government payroll, they should not be compensated by some outside group when they come and lobby the Federal Government. That is just sound common sense.

I understand that an agreement was reached, or at least it was voted on in the committee, to have this representative on this nine-member board. We could debate back and forth whether or not that is a good idea. But this amendment does not say that a person of this kind cannot be on the board. All it says is that this person is going to be treated like every other member of the board, and that is that they will not be exempt from the ethics laws. The private members who are on this board are certainly going to have to live under the ethics laws.

For example, the day after appointment of the board, the private board member could not meet with representatives of the IRS or Treasury on behalf of a client or the board members' corporate employer with respect to proposed tax regulations. These prohibitions apply across the board to all members. It said that it creates somewhat of a hardship on the union representative. Perhaps in all cases there will not be a conflict.

As I look at some of the provisions that were discussed in committee in terms of the reasons for the creation of the board and the various functions that the board will have, I see where part of the function is to review and approve IRS strategic plans; for example, including the establishment of mission and objectives and long-range plans. I can see an argument being made that this union representative would not have a conflict of interest regarding that particular function of this board. Another function is to review the operational functions of the IRS. Another is to recommend to the President candidates for the Commission.

I can see an argument being made that this would not create a conflict of interest. So it is indeed arguable that there will be certain functions in which this board member could participate. It is not our position to sit and factually delineate every possibility that might come up. Quite frankly, it is going to be primarily on the board member to determine that themselves. I see other functions where, to me, there is a clear conflict of interest, and that is, to review the operation of the IRS to ensure the treatment of taxpayers, to review procedures of IRS relating to financial audits.

I can see where someone representing the IRS employees union —a paid employee of the employees union would have a real problem in sitting on this board and trying to determine what the rules ought to be with regard to those employees concerning the way they conduct their audits. That is just common sense.

Now, there is one thing I think we need to keep in mind. We all know that we have many—certainly the great majority—IRS employees who are loyal, dedicated public servants. But let's not forget the reason why we have this IRS reform bill on the floor to start with; and that is, we saw an absolutely appalling, unprecedented array of rogue activities, which you would not see in a lot of good police states, conducted by some of these IRS agents out in the field. We saw people like Howard Baker and Former Congressman Quillen, who were actually targeted, and they attempted to set up these individuals. These are the kinds of things that are part of the reason that we have the bill and part of the reason that we have this oversight board.

So in order to say that a union member is going to have some problem some time about sitting on this board as they represent those very employees—the ones that are good, bad and indifferent—is no reason to carve them out and exempt them from these ethics provisions.

So I think it is a bad step, Mr. President, if the very first thing we do in starting out and trying to reform IRS is to say that with regard to some of these employees we are going to exempt them from the ethics laws. I might point out also that as I read the bill, it doesn't seem to me like it necessarily has to be a paid employee, a paid union official of the IRS employees union. In other words, I would think that a member could serve on this board who would simply be a union member and could be a representative. If they were not taking payment and compensation from the union, as a professional union representative, then perhaps a lot of these conflicts would be alleviated.

So we are trying to work out something reasonable here on the front end. But make no mistake about it, it would be a terrible mistake in the face of the clear advice of the Office of Government Ethics to say the first thing we are going to do is exempt these people who are, in some cases the source of their problem, from the ethics laws under which everybody else is going to have to live.

I yield the floor.

Mr. KERREY. Mr. President, I would like to ask the Senator from Tennessee if he would answer a question. For the purpose of engaging in this debate, does he support having a union rep on the board, an employee rep on the board? That would be an amendment that will come up, I believe, later on, trying the individual on the board.

Mr. THOMPSON. I do not think it is wise to have such a representative on the board. That is another question. In fact, I think the Office of Government Ethics has the same opinion. They do not think it is wise to have a union member on the board. My position is that if there is a union member on the board, they should not be exempt from the ethics laws.

Mr. KERREY. I appreciate the Senator's conclusion. However, I have reached the opposite conclusion. That really is the question for the body. Do you think an employee representative needs to be on this board?

Let me tell you why the Restructuring Commission reached the conclusion "yes," and why the Finance Committee reached the conclusion "yes." We heard from private sector individuals, as well as public sector people, who have gone through the sorts of things IRS is likely to go through. Let me be clear what the IRS is going to be going through. This is not about some cosmetic changes.

In this law, we give the Commissioner of the IRS new authorities to restructure the IRS, and we direct the Commissioner to restructure to eliminate the old three-tier system. I don't know how familiar everybody is with the three-tier system. There is a national, regional, and a district office. It is a system that was established in 1952. It means that if taxpayers move or decide they want to move from Salina, KS, to Grand Island, NB, which I think would be a sound thing for anybody to do—but if they decide they want to go from Kansas to Nebraska, they are OK. But if they move from, let's say, Chattanooga, TN, to Salina or Grand Island, they are going to be

under a new district and regional office. As a consequence, their taxes are going to be handled by entirely different people.

What the law directs the Commissioner to do and gives him authority to do is organize along functional lines. There is going to be traumatic change for employees—traumatic change. We may have few numbers of people. This kind of restructuring is very difficult to get done. From people both in the public and private sector, individuals who have gone through this, we heard strong advice that an employee representative should be on the Commission.

For members, the board itself sunsets in 10 years. We may decide we don't need a board in 10 years. We might need a different composition for the board. That is the first question. Do you believe that as a consequence of what the Commissioner has been given—the authority to dramatically restructure this agency—there ought to be an employee representative on the board? The authors of this amendment don't; neither does the Office of Government Ethics. They sent a letter indicating some problems which they had with having a representative on. We accommodated those concerns by putting this language in here. Now the language is being attacked. But the question really is not do you support the language, but do you want a rep on there? If you do, you have to have that representative able to participate in the decisionmaking.

To be clear, they are not given blanket ethics waivers. They are still under all the same ethics requirements of every other member of the board; indeed, somewhat higher. The annual disclosure requirements of this individual will be greater than for other members of the board. All board members are appointed by the President and confirmed by the Senate. If for some reason a member of this Chamber thinks that person should not be confirmed, they can put a hold on it and likely make it impossible for that person to be confirmed. And if the President believes, for any reason at all, this individual is not doing a good job, he or she can be removed by the President.

So there are lots of checks against problems this individual might have for any reason, including some ethical problems, as I said. All other ethics statutes still fall against this individual. Indeed, we are requiring this individual to disclose more. We have all kinds of situations. We asked the Office of Government Ethics about acceptance and they have made over 600 of them, including the Commissioner of the IRS. The Commissioner, Mr. Rossotti, has private sector holdings, private sector business experience, and does business with the IRS. So the question for us is, oh, my gosh, is he excluded or precluded from serving? The answer is no. We reached a conclusion that we have an overriding interest to have him serve as Commissioner. And so we draft very carefully an agreement that has him doing a certain number of things in order to be able to comply with our ethics laws.

So I urge colleagues, as they examine this amendment, to understand that no blanket exemption is being granted.

The authors of the amendment do not want a Treasury employee representative on the board. If you want a Treasury employee representative on the board, you have to have language in there that satisfies the ethical concerns about what will happen when an issue comes up that has an impact upon the people he represents.

Mr. President, we are granting the Commissioner the authority to reorganize and restructure and get the IRS to operate in a much more efficient fashion, and that will cause traumatic changes inside of the ranks of the IRS. For those who wonder whether or not an employee rep ought to be on there, imagine if we had an oversight board that was going to be making a decision to restructure the Senate and one of the possibilities was, instead of having 100 Members, we have 80. Would we ask to have Members on the board? Obviously, we would. And it would be right to do, and we would have to draft some sort of language to make certain that we wouldn't violate ethics laws as well.

I hope the Members will reject this amendment.

I see the distinguished Senator from Michigan is on the floor. I am pleased to yield 2 minutes for him to speak against this amendment as well.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Mr. President, I oppose the amendment. I think the effect of this amendment will be to make it impossible for an employee representative to sit on the board. The Commission should have that representation, according to the recommendation of the Commission that is recommending this Commission. If we want an employee representative to sit on this board, as a practical matter there is no way to do it without exempting that person from these laws. There is an inherent conflict which that person will have. And we might as well be very open about it, and face it, and say, "Yes, providing it is disclosed." And it is known that the benefits of having that perspective on the board outweighs any precedent that would be set by this kind of a waiver.

The IRS Oversight Board itself is unprecedented. I don't know of a board quite like this that we have in the Government.

So to suggest that as we are creating a new board like this that we cannot, with our eyes open, make an exemption from our conflict of interest laws in order to permit a very critical person to serve on the board it seems to me is unduly restricting our options and, more importantly, is making this board less useful. This oversight board will be more useful with an employee representative on it. There is a certain perspective, an important experience, which that person can bring to this board.

So we have to weigh the value, the benefit, of that against the precedent we would be setting. It is like a cost-benefit analysis which we recommend that others do. We have to look at the precedent and the value, and we are the policymakers.

I have great respect for the Office of Government Ethics. They enforce and implement the law. But we make policy. When we decide, with an unprecedented new board, that we will permit a representative of the employees to sit there because we want that experience, we want that perspective, we then are making a policy judgment that we want an effective IRS oversight board and that the effectiveness of that board is to rein in the IRS to overcome the abuses which have disgusted us which we have all heard about for so many years which outweighs any precedent we might be setting.

I oppose the amendment and hope we will defeat it.

Mr. SESSIONS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. Mr. President, I want to congratulate the Senator from Nebraska, Senator ROTH, and others for introducing an outstanding bill. I know they have worked hard and dealt with a number of difficult issues. This is, I am sure, a good-faith effort to involve the union in the process. But the truth is, as we have had a chance to look at the law, it just won't work. Senator FRED THOMPSON has made the point eloquently and clearly. His amendment is the only way we can handle this circumstance. We should not, and must not, agree to allow a clear conflict of interest to be waived, according to the Office of Government Ethics. If the Office of Government Ethics were to decide this issue, a waiver would not be granted. It is because such a fundamental conflict exists that we should not expect it to.

The truth of the matter is that if you sit on the Government Oversight Board and are also a paid union representative, you are being paid by two masters. You can't serve two masters. That is a paid position. It is not a union member serving on the board but a person whose salary is paid by an outside group who is not part of the process.

I know many people would like to involve an employees union representative in the IRS restructuring effort. I support this idea. There are many ways a union representative could be involved in the process. I have had many friends over the years who have been

members of the Treasury Union. I think they do a good job and help to contribute positively to our Nation's Government. But this is a powerful board that sets administrative rules and principles throughout the agency.

I would suggest that the waiver is not of some ethics rule, it is a waiver of the Criminal Code of the United States of America. At least four sections are implicated. It is quite possible that if this union member were to participate as a board member, he would be in violation of perhaps four different criminal codes—statutes. To ask us in this legislation to just blithely waive these statutes, would be a mistake and unwise and would undermine the Office of Government Ethics ability to effectively manage and uphold ethics in government.

I was a Federal prosecutor for almost 15 years. I serve on the Senate Ethics Committee. I understand what my colleagues are trying to accomplish. But this waiver is unprecedented, according to the Office of Government Ethics. That means that this has never been done before—that the U.S. Senate, in a legislative act, has never granted exemption to one person from the Criminal Code of the United States. It is something we ought not to do.

I urge my colleagues in this body to vote yes on this amendment.

I yield what time is remaining.

Mr. THOMPSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. THOMPSON. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from Tennessee controls 40 seconds, and the Senator from Nebraska controls 2 minutes.

Mr. THOMPSON. Mr. President, very briefly, it is not unusual to have an oversight board or an agency or a panel that does not have on it the subjects of that panel's inquiry; in other words, the comparable situation with regard to this oversight board would be U.S. taxpayers. That is whose lives we are really affecting. We don't have any taxpayer members on this particular board.

I would also point out, as the Senator from Alabama did, that these are criminal laws. We are waiving four primary criminal laws of title 18 of the United States Code with regard to one individual who represents some of those who have caused the problem.

I yield the floor.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, briefly, we are doing something that is unprecedented. The distinguished Senator from Alabama says that the Office of Government Ethics is unprecedented. It is the only venture that is unprecedented; never in the history of Government have we created an oversight board with these kinds of powers. And we are doing it in order to be able to restructure the IRS in a relatively short period of time. The implications would be rather traumatic for the employees of the IRS. Every private sector person whom we asked the question of—when you go through restructuring—and every public person we asked the advice of said put the rep on the board.

This board sunsets in 10 years. We may decide we don't want the board and have another composition. We can revisit it, if you don't want a Treasury employee rep on the board. The Office of Ethics said there are problems here. We have corrected those problems, but they don't want a rep on the board under any circumstances. If you want a rep on the board, you have to vote no on this amendment. Otherwise, this individual is not going to be able to do the job. If you don't have the rep on the board, I think this venture is likely to run aground and not be as successful as all of us want it to be.

Mr. President, I yield the remainder of my time. I urge the defeat of this amendment.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. THOMPSON. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Hawaii (Mr. AKAKA) is absent due to a death in the family.

The result was announced—yeas 42, nays 57, as follows:

[Rollcall Vote No. 122 Leg.]

YEAS—42

Abraham	Faircloth	Mack
Allard	Frist	McCain
Ashcroft	Gorton	McConnell
Bennett	Gramm	Murkowski
Bond	Grams	Nickles
Brownback	Gregg	Roberts
Burns	Helms	Roth
Chafee	Hutchinson	Sessions
Coats	Hutchison	Shelby
Cochran	Inhofe	Smith (NH)
Coverdell	Kempthorne	Smith (OR)
Craig	Kyl	Thomas
DeWine	Lott	Thompson
Enzi	Lugar	Thurmond

NAYS—57

Baucus	Dodd	Inouye
Biden	Domenici	Jeffords
Bingaman	Dorgan	Johnson
Boxer	Durbin	Kennedy
Breaux	Feingold	Kerrey
Bryan	Feinstein	Kerry
Bumpers	Ford	Kohl
Byrd	Glenn	Landrieu
Campbell	Graham	Lautenberg
Cleland	Grassley	Leahy
Collins	Hagel	Levin
Conrad	Harkin	Lieberman
D'Amato	Hatch	Mikulski
Daschle	Hollings	Moseley-Braun
Moynihan	Rockefeller	Stevens
Murray	Santorum	Torricelli
Reed	Sarbanes	Warner
Reid	Snowe	Wellstone
Robb	Specter	Wyden

NOT VOTING—1

Akaka

The amendment (No. 2356) was rejected.

Mr. KERREY. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KERREY. Mr. President, we are down on the Democratic side to just one or two amendments that may require rollcall votes, and those we may be able to work out. We have a longer list on the Republican side.

Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Senate is not in order. The Senate will be in order.

Mr. KERREY. Mr. President, I am hopeful that on the Republican side, Members will come down and start talking to us or, if we can't work them out, get them offered. Senator FAIRCLOTH has an amendment which he is going to offer just as soon as I get two accepted that we have worked out with the chairman. I think we can run through this relatively rapidly.

The previous amendment that was just defeated is one of the controversial ones. Senator FAIRCLOTH has one that is controversial. I think Senator MACK does. There are a few others. After that, most of the controversy is out of this bill. I am hopeful we can get Members to come down here so we don't end up, as the majority leader said, staying here longer than is warranted, given the general agreement that is on the legislation.

AMENDMENTS NOS. 2358 AND 2359, EN BLOC

Mr. KERREY. Mr. President, I send two amendments to the desk and ask for their immediate consideration.

The PRESIDING OFFICER (Mr. HUTCHINSON). Without objection, the clerk will report the amendments en bloc.

The legislative clerk read as follows:

The Senator from Nebraska [Mr. KERREY] proposes amendments numbered 2358 and 2359, en bloc.

Mr. KERREY. Mr. President, I ask unanimous consent that the reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2358

(Purpose: To require a study on the willful noncompliance with internal revenue laws by taxpayers to be conducted jointly by the Joint Committee on Taxation, Secretary of the Treasury, and Commissioner of Internal Revenue)

On page 394, between lines 15 and 16, insert the following:

SEC. —. WILLFUL NONCOMPLIANCE WITH INTERNAL REVENUE LAWS BY TAXPAYERS.

Not later than 1 year after the date of enactment of this Act, the Joint Committee on Taxation, the Secretary of the Treasury, and the Commissioner of Internal Revenue shall conduct jointly a study of the willful noncompliance with internal revenue laws by taxpayers and report the findings of such study to Congress.

AMENDMENT NO. 2359

(Purpose: To amend the Internal Revenue Code of 1986 to require the Inspector General for Tax Administration to report to Congress on administrative and civil actions taken with respect to fair debt collection provisions)

On page 369, strike line 1 and insert the following:

"(c) ANNUAL REPORT.—The Inspector General for Tax Administration shall report annually to Congress on any administrative or civil actions with respect to violations of the fair debt collection provisions of section 6304 of the Internal Revenue Code of 1986, as added by this section, including—

"(1) a summary of such actions initiated since the date of the last report, and

"(2) a summary of any judgments or awards granted as a result of such actions.

"(d) EFFECTIVE DATE.—The amendments made by this".

Mr. KERREY. Mr. President, these are two amendments on which I worked very closely with the chairman. They deal with two problems, one of which is a longstanding problem that we have had with the Internal Revenue Service, and that is how to deal with taxpayers who are willfully noncompliant. This requires the Commissioner to do a study of this issue and report back to the Finance Committee. Members need to understand, approximately the average for all taxpayers is nearly $1,600 per taxpayer for noncompliance, with penalty for willful noncompliance.

The second amendment came as a consequence of a witness that we had in the hearings that the chairman held, Mr. Earl Epstein of Philadelphia. He was talking about putting teeth in the provision dealing with violations of fair debt collection practices. And at the chairman's suggestion, what we have asked for in this study is that the new Treasury inspector general for tax administration also look at this and provide Congress with a report, an annual report outlining any violations of the fair debt collection practices that we have included in this bill.

Mr. Epstein notes, this is likely to result in better attention being paid to collection abuses as "no Commissioner would be happy to report significant abuses, to say nothing of awards for damages [or] for failures to enforce proper authority over collection agents." It is an important amendment. I appreciate the source of it was the chairman's hearings, and I appreciate a chance to work with the chairman to get this worked out.

Mr. ROTH. Mr. President, I say that both of these amendments are acceptable to the majority side. We have worked with Senator KERREY on them and we think they are acceptable.

So I urge that they be accepted by voice vote.

Mr. FORD. En bloc.

The PRESIDING OFFICER. Without objection, the amendments are agreed to.

The amendments (Nos. 2358 and 2359) were agreed to en bloc.

Mr. FORD. I move to reconsider the vote.

Mr. KERREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROTH. Mr. President, I want to echo what was just said by Senator KERREY. We do intend to complete this legislation today. So it is critically important that those who have amendments, if they want to have them offered, that they do so promptly because time is slipping by. We will stay here until we complete the legislation.

It is my understanding that Senator FAIRCLOTH wants to go next. We would like to get a time agreement. I mentioned that to Senator KERREY, as well as to Senator FAIRCLOTH. I would like to have 30 minutes divided equally between the two sides.

Mr. FAIRCLOTH. That will be fine. I will not need 15.

Mr. ROTH. Shall we make it 20 minutes?

Mr. FAIRCLOTH. That is fine.

Mr. ROTH. Twenty minutes.

Mr. KERREY. Mr. President, I have not seen the amendment yet. Can we get a copy of the amendment before we agree to a time limitation?

May I ask the Senator, this strikes several lines, inserts several lines. It is not clear to me from the amendment what it does. Can you just——

Mr. FAIRCLOTH. Yes, what the amendment does, I say to Senator KERREY, is it prohibits putting union men on the——

Mr. KERREY. Strikes the union representative from the board?

Mr. FAIRCLOTH. Strikes the union representative from the control panel.

Mr. KERREY. I thank the distinguished Senator from North Carolina, and I do not object to the time agreement.

Mr. ROTH. Mr. President, I ask unanimous consent that for the Faircloth amendment there be a time limit of 20 minutes equally divided between the two sides and no second-degree amendments.

Mr. KERREY. Reserving the right to object, Mr. President, I momentarily suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KERREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERREY. Mr. President, I ask unanimous consent that the unanimous consent be modified so no second-degree amendments be in order. Is that in the UC?

Mr. ROTH. That is part of the proposal.

Mr. KERREY. I do not object.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FAIRCLOTH addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

AMENDMENT NO. 2360

(Purpose: To strike the representative of Internal Revenue Service employees from the Internal Revenue Service Oversight Board)

Mr. FAIRCLOTH. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from North Carolina [Mr. FAIRCLOTH], for himself and Mr. SMITH of New Hampshire, proposes an amendment numbered 2360.

Mr. FAIRCLOTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 174, line 23, strike "9" and insert "8".

On page 175, strike lines 8 through 13.

On page 176, line 10, strike "or (D)".

On page 177, strike lines 7 and 8, and insert the following:

"(A) FINANCIAL DISCLOSURE.—During the entire—

On page 177, line 10, strike "or (D)".

Beginning on page 177, strike line 19 and all that follows through page 178, line 5.

On page 178, line 10, strike "or (D)".

On page 182, line 1, strike "or (D)".

On page 182, line 11, strike "or (D)".

On page 190, line 12, strike "or (D)".

Mr. KERREY. Mr. President, I wonder if the Senator would yield and the time not be charged to either side.

Mr. FAIRCLOTH. Sure.

Mr. KERREY. I have a question. The distinguished Senator from West Virginia has an annual speech he gives on Mother's Day. And I wonder if the Senator from North Carolina wants a rollcall vote on this amendment. And, second, if you want a rollcall vote, can we do it after the Senator from West Virginia delivers his remarks?

Mr. FAIRCLOTH. I will want a rollcall vote. And we can certainly do it after the Senator from West Virginia gives his speech.

Mr. KERREY. I thank the Senator.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. FAIRCLOTH. Mr. President, I ask unanimous consent that two letters from the Office of Government Ethics, dated March 27 and May 1, 1998,

and one letter from the Senior Executives Association, dated April 17, 1998, be printed in the RECORD immediately following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. FAIRCLOTH. Mr. President, the amendment I am offering today corrects a flaw in an otherwise fine bill that was offered by Senator ROTH, and that is to reform the Internal Revenue Service. And no organization ever needed reforming more.

My amendment, which is supported by Chairman ROTH, would remove the union representative for the IRS employees from the oversight board established by this reform bill.

The reason for establishing the oversight board was that the union was out of control. That is very simply the reason we did not put it up there, that it is composed of private citizens—the oversight board—and not to be run by the union and the IRS bureaucracy. That is the problem we have been facing.

If ever there was a case of hiring Willie Sutton to guard the bank, when we put a union representative on the board that is exactly what we have done.

I just want to take a minute—and I will do it quickly—to explain why it would be difficult, if not impossible, for the IRS Oversight Board to accomplish its intended task of reforming the IRS as long as you have a union representative on the board.

Mr. President, it was said in hearings last fall again and again, and last week, where we heard shocking and terrible testimony about abuses of taxpayers at the hands of IRS employees. These have been well documented, and the American people are outraged at what they have seen. I hear it on a daily basis.

The American people are calling and telling the Congress that the IRS is an agency out of control and it must be reined in. Control must be established. And several of my colleagues, I have heard, have come up with the same thing.

An oversight board, if it is truly a private citizen oversight board, could go a long way to rooting out the problems that are plaguing the IRS and will ultimately destroy it if they are not corrected.

But the same employees who have been abusing taxpayers are certainly not going to like changes proposed by the oversight board, because it is going to change the way they have been doing business, and they do not want to change the way they have been doing business. That is the reason we are creating the oversight board, to change the way that the IRS union has been operating.

Can you imagine what would happen if any decision which was opposed by the union IRS employees could be vetoed by the representative of the union? In effect, that is what we will have if a union representative is appointed a member of the board. You are going to negate the effects of the board.

Some have suggested that unless a union representative is a member of the board, there will be no one to persuade the employees to go along with the reforms. All I can say is that anybody who says that has never run a business. I think that is the most foolish argument I have ever heard. I do not think IRS reform should be held hostage to what the union members like.

If employees resist reform, and we have heard time after time in hearings about the abuses of these employees, then those employees should be removed from the IRS. We should not put the new oversight board in the position of begging the IRS employees, through their union, to agree to a change. If that is the way we are going to do it, there will be no change. It will be business as usual.

Furthermore, it is common sense that the union representative should not be in a position to argue the case of the employees who pay his salary. I cannot think of anything more ludicrous than putting in an oversight board and then putting on it the man who works for the people who have created the abuses that the oversight board is intended to correct. It goes round and round. The union representative would be voting on issues which affect his own pocketbook—a clear conflict of interest.

As Senator SESSIONS and Senator THOMPSON have already pointed out, putting the union representative on the oversight board does not just violate common sense, it violates Federal criminal law. Whether those laws are waived or not, we should not go down the road of disregarding criminal laws that are inconvenient for one person. We are waiving criminal laws because one person, a union representative, wants them waived.

Let me share with my colleagues what the Office of Government Ethics had to say on the matter of including the IRS employee union representative on the oversight board. In a letter to the Senate Finance Committee, Chairman ROTH and the ranking member, Senator MOYNIHAN, dated March 27, the Office of Government Ethics said the following: "We recommended that the IRS reform bill not include an individual who is a representative of an organization," which represents a substantial number of the IRS employees.

Now, that is a nice way of saying don't put the union boss on the board. If you do, you might as well not create the board.

The Office of Government Ethics, in another letter to the majority leader, dated May 1, 1998, said that putting the union representative on the oversight board is, "Fundamentally at odds with the concept that government decisions should be made by those who are acting for the public interest and not those acting for a private interest." The private interest being referred to is the IRS employees union. So it is clear that the union representative will be in a position of violating criminal laws concerning conflict of interest if he or she serves on the oversight board, unless those criminal statutes are waived, and that is what we just did.

Some of my colleagues who support including the IRS employee union representative on the board have tried to fix it by waiving the criminal laws, but we should not have waived a criminal law for one union representative. Both the Senior Executives Association and the Office of Government Ethics recommended removing the union boss rather than removing the waiver. I agree.

On April 9, 1998, the Senior Executives Association, a nonpartisan, nonprofit organization which represents career executives throughout the Federal Government, wrote to me to express their serious concerns about including an IRS employee union representative on the oversight board. The Senior Executives believe as long as the union representative is on the board, it will be impossible for IRS managers, the Commissioners, and the oversight board, and even the President, to implement the personnel reforms affecting IRS employees. In other words, as long as their "boss man" is sitting on the board, he isn't going to do anything to allow any reform. He will, in effect, veto the actions of the board.

To quote the Senior Executives Association: "The inclusion of the union representative on the IRS Oversight Board threatens the ability of IRS management to manage and control the IRS workforce."

It would seem to me the last thing that Congress should do is make IRS employees even less accountable for their actions than they currently are. That would be hard to do.

In summary of my amendment, take some good advice of the Office of Government Ethics and the Senior Executives Association and remove the union representative from the oversight board. I urge my colleagues to support the amendment.

EXHIBIT NO. 1

U.S. OFFICE OF GOVERNMENT ETHICS,
Washington, DC, March 27, 1998.

Hon. WILLIAM V. ROTH, Jr.,
Chairman, Committee on Finance, U.S. Senate, Washington, DC.

Hon. DANIEL PATRICK MOYNIHAN,
Ranking Minority Member, Committee on Finance, U.S. Senate, Washington, DC.

DEAR CHAIRMAN ROTH AND SENATOR MOYNIHAN: We understand that your Committee

is reviewing the provisions of H.R. 2676 in anticipation of developing a Senate bill, regarding the Internal Revenue Service (IRS). As Commissioner Rossotti indicated in his testimony before your Committee earlier this year, the Administration believes that the conflict of interest and financial disclosure provisions that section 101 of that bill would make applicable to the Members of the newly created IRS Oversight Board are in need of technical revision and, we believe, should be made more consistent with the standard ethics systems applicable within the executive branch. We recognize that this part-time Board is being given far more than advisory duties, and we believe that conduct and compensation restrictions and financial disclosure requirements should be commensurate with those additional duties. Because time is of concern, we have chosen to set forth the type of requirements we believe would be most appropriate and consistent with sound ethics policies. We would be happy to work with your staff and the legislative counsel in developing the exact legislative language.

1. Status of the private sector members. The House bill specifies that the private sector members, other than the individual representing the union, are to be special Government employees "during the entire period" each individual holds appointment. We believe this language will cause unnecessary hardships on the Members of the Board and will substantially inhibit the Government in attracting the types of individuals you might wish to serve on the Board. Briefly, this will occur because more onerous criminal conflict of interest restrictions (particularly those applying to private compensation arrangements and matters unrelated to tax or IRS issues or policies) will apply to Members after 60 days of service. Under the House language, those restrictions will apply 60 calendar days after appointment, not after 60 days of actual service as is ordinarily the case for special Government employees.

We recommend that the bill be silent as to the status of the Members as special Government employees. We understand that it is not expected that these individuals will actually serve more than 60 days in a 365-day period, so that the regime for less than 60 days of service would apply. Then the bill can include additional restrictions and requirements that are tailored specifically to service on this Board rather than simply service anywhere in the executive branch as a special Government employee. Recommendations for those restrictions and requirements are in points 2 and 3.

2. Additional conflict restrictions. Given the duties of the Board anticipated by the House bill, we would recommend that Board Members be subject to the following restrictions in addition to the standard criminal conflict of interest provisions applicable to special Government employees.

In addition to the restrictions in 18 U.S.C. §§203 and 205, members of the Board should be prohibited from representing anyone before the IRS or the Department of the Treasury on any matter involving the management or operations of the Internal Revenue Service or the internal revenue laws (or more narrowly, tax matters) or before the Board or the IRS on any particular matter.

In addition to the restrictions in 18 U.S.C. 207(a)(1) and (2), members of the Board should be prohibited from representing anyone before the IRS (or possibly the entire Department of the Treasury as are former IRS Commissioners) for one year following termination of Board service. We would not suggest that there is any need to apply the restrictions of section 207(f) to the members of the Board who do not serve more than 60 days.

In drafting these additional restrictions, we recommend that all of the exemptions and procedural mechanisms presently in sections 203, 205 and 207 apply to these additional restrictions.

3. Financial disclosure requirements. Given the substantial authorities of the board as set forth in the House bill, we recommend that the statute be drafted clearly to reflect that the Members of the Board are required to file new entrant, annual and termination public financial disclosure statements regardless of the number of days in a calendar year that the individual actually serves. If the Senate determines that the Board should be purely advisory, we recommend that the bill be silent so that the standard nomination form which can be made public by the confirming committee and the annual nonpublic financial disclosure forms will be required.

4. Union member. We recommend that the bill not include an individual who is a representative of an organization which represents a substantial number of IRS employees. Given the duties of the Board, this individual cannot serve as a "representative"—a status recognized in applying conflicts laws to certain individuals carrying out purely advisory duties. We believe that the basic criminal financial conflict of interest statute, 18 U.S.C. §208, will be applicable to this individual and will substantially limit that individual's ability to carry out any meaningful service on the Board. More importantly to the individual, such service will expose him or her to constant scrutiny for even the smallest official acts. While section 208 does contain a waiver provision, it applies only where the financial interest involved is "not so substantial" as to be deemed likely to affect an employee's service. We believe that it would be almost impossible for an officer of a union to legitimately meet the test set forth in the statute because of his own and the union's financial interests that would be affected by the matters before the Board. In addition, we believe that such a member will also be substantially inhibited from carrying out his or her duties on behalf of the union by the restrictions of 18 U.S.C. §203. There are no applicable waivers for these restrictions.

As an alternative, we suggest that the Board be directed by statute to consult with, but not seek the approval of, representatives of organizations which represent substantial numbers of IRS employees when the matters before the Board would have a substantial effect upon IRS employees. It is crucial to sound government ethics policy that those who have approval authority be accountable to the public for their actions. Those who only provide the views of interested parties for the decision makers' consideration need not be subject to an array of ethics restrictions.

5. Pay. We recommend that the pay for the members of the Board be rewritten so that it references some standard Government pay schedule. Since many ethics statutes make reference to those schedules for purposes of applying provisions, this would be much simpler under the present system and most probably for any future restrictions or regulations that might be enacted or promulgated. We suggest that the reference be made to the Executive Level Schedule, which is typical for advise and consent appointees. However, we would not recommend a reference to Level I of that Schedule because positions listed at that Level (Cabinet-level positions) have unique post-employment restrictions that would not be appropriate for these members.

We believe that this Board is a very important Government body and that the ethics and conflicts of interest restrictions applicable to the Board should be clear, correct and appropriate. We look forward to working with your staff to address the changes to the language of the House bill that we believe are necessary to clearly meet the obvious intent of the House as well as our recommendations.

Sincerely,

STEPHEN D. POTTS,
Director.

U.S. OFFICE OF GOVERNMENT ETHICS,
Washington, DC, May 1, 1998.

Hon. TRENT LOTT,
Majority Leader, U.S. Senate,
Washington, DC.

DEAR MR. LEADER: This Office has reviewed H.R. 2676, the Internal Revenue Service Restructuring and Reform Act of 1998, as it has been reported by the Finance Committee and, we understand, is soon to be taken up by the Senate. At the request of both the majority and minority, we provided technical assistance to the Finance Committee staff with regard to drafting the language of provisions setting forth the ethical considerations for the Members of the Internal Revenue Service Oversight Board. We believe those provisions are written in a clear and technically correct manner.

However, one provision of the bill, the proposed 26 U.S.C. §7802(b)(3)(D), provides for waivers of applicable conflict of interest laws for one Member of that Board. We believe that this provision is antithetical to sound Government ethics policy and thus to sound Government. Such across-the-board statutory waivers for someone other than a mere advisor is unprecedented and, we believe, inadvisable.

We understand and agree that the employees of the Internal Revenue Service should have an opportunity to be heard in any decisions that may affect them. As we stated in a letter to the Finance Committee, there are standard ways of allowing input from interested parties without allowing the interested party to be the actual decision-maker in a Governmental matter. It is the latter role that is fundamentally at odds with the concept that Government decisions should be made by those who are acting for the public interest and not those acting for a private interest. The one private interest that is being waived in each case for this Board Member is the one most fundamentally in conflict with his or her duties to the public.

On the other hand, we cannot recommend that the waivers be eliminated for the individual appointed to such a position. That elimination would leave this individual extremely vulnerable to charges of criminal conduct for carrying out many Oversight Board actions or for carrying out his or her private duties for the employee organization. The fact this vulnerability exists exposes the pervasiveness of the conflicts for an officer or employee of an employee organization to serve on the Oversight Board.

Rather, we recommend the elimination of the position on the Board that creates such inherent conflicts. The elimination of the position could be coupled with a requirement that the Board consult with employee organizations. While we think a reasonable Board

would consult without that requirement, requiring consultation might provide some assurance to the various employee organizations that they will be heard.

The criminal conflict of interest laws should not be viewed as impediments to good Government. They are there for a purpose and should not be waived for mere convenience. Some may point out that certain provisions of these laws are waived by agencies quite frequently. That is true. Some of the laws anticipate circumstances where a restriction could be waived and set forth the standards that must be met to issue waivers. Agencies can and do issue such waivers, but the waivers must meet the tests set forth in the statutes. For those conflicts laws that do provide for waivers (not all do), we believe that it would be extremely difficult for a reasonable person to determine that the interests this individual Board Member will undoubtedly have through his or her affiliation with the organization could meet those waiver tests.

In order to meet our recommendation, we believe the provisions of Subtitle B, sec. 1101(a) should be amended to eliminate proposed sections 7802(b)(1)(D), (b)(3)(A)(ii) and (b)(3)(D). All other references to an individual appointed under section 7802(b)(1)(D) should be removed and wherever a number of members of the Board is indicated (such as a Board composed of nine members or five members for a quorum) that number should be altered to reflect the elimination of this position.

We appreciate the opportunity to express our concerns and our recommendations. These are the views of the Office of Government Ethics and not necessarily those of the Administration. We are available to answer any questions you or any other Member of the Senate may have with regard to this letter or the conflict of interest laws. We are sending identical letters to Senators Daschle, Roth and Moynihan.

Sincerely,

STEPHEN D. POTTS,
Director.

SENIOR EXECUTIVES ASSOCIATION,
Washington, DC, April 17, 1998.

In re: S. 1096, the IRS restructuring and reform bill.

Hon. LAUCH FAIRCLOTH,
U.S. Senate, Attn: David Landers, Legislative Counsel, Hart Senate Office Bldg, Washington, DC.

DEAR SENATOR FAIRCLOTH: The Senior Executives Association (SEA) is a non-partisan, non-profit, professional association representing the interests of career members of the Senior Executive Service and other career executives in equivalent positions in the federal government.

As you know, the Senate Finance Committee reported out S. 1096, the IRS Restructuring and Reform Bill. In the Chairman's mark that was considered by the committee, Chairman Roth had excluded from membership on the IRS Oversight Board both the Secretary of Treasury and the representative of the National Treasury Employees Union, the union that represents many IRS employees.

In response, Senator Robert Kerry (D-Neb) sponsored an amendment to put the union representative and the Secretary of Treasury back on the Oversight Board, and that amendment passed the Committee. Senator Kerry's amendment was proposed in the face of an opinion from the U.S. Office of Government Ethics (copy attached) that having the union representative occupy a position on the IRS Oversight Board would place that individual in a position of potentially violating two criminal statutes which apply to all persons occupying similar positions in the federal government. Senator Kerry dismissed this opinion, stating that the union representative could simply be exempted from coverage of these two criminal provisions in S. 1096. Senator Kerry's amendment was passed by the full committee.

The Senior Executives Association strongly opposes inclusion of both the union representative and the Secretary of Treasury on an IRS Oversight Board for the reasons stated below.

BACKGROUND

The Internal Revenue Service plays a unique and important role in the federal government. It is one of the few federal agencies whose employees interact on a daily basis with tens of thousands of U.S. citizens. It is the law enforcement agency which, in contrast to other law enforcement agencies, must often deal with citizens who are neither criminals nor accused of crimes. However, it is a law enforcement agency forced to deal with negligent or willful refusal by 15%–20% of citizens to comply with Internal Revenue laws. The complaints of some taxpayers, and the alleged actions of some IRS employees, must be viewed against the background of the frustration of dealing, for example, with wrongdoers who have spent the withholding dollars belonging to their employees for their own purposes, rather than paying them into the Social Security Trust Fund or the Treasury Department for their employees' portion of payroll withholding taxes.

This is not to say that there are no examples of abuse by individual IRS employees. In an agency of over 100,000 employees who deal with tens of thousands of citizens on a daily basis, even when they are correct 99.9% of the time, the 1/10th of 1% of mistakes or abuses of authority are enough to ensure headlines. We agree that perpetrators of the small numbers of abuses of authority and power by IRS employees should be seriously dealt with, and the guilty employees disciplined or discharged.

IRS employees are deeply imbued with a few principles from the time they are first hired, during their training, and continuing throughout their employment. These principles include (1) the absolute integrity required of all IRS employees; (2) the fair, nonpolitical, and non-partisan enforcement of the tax laws; (3) the fair treatment of all taxpayers; and (4) the equality of treatment of all similarly situated taxpayers.

In the 1950's, major reorganizations took place within the Internal Revenue Service because the principles stated above were violated. At that time, political appointees were appointed by each Administration as chief collectors in each state. These political appointees, it was found, were sometimes involved in partisan political enforcement of the tax laws and, as a result, corruption of the tax system, as well as personal corruption of some IRS employees, was found to be a major problem throughout the Internal Revenue Service. Hearings were held in Congress, and legislation was enacted reforming the IRS, establishing only two political appointees to provide leadership of the IRS (the IRS Commissioner and the IRS Chief Counsel) and creating of the "Inspection Service" within the agency, which performed both internal audit and internal security functions in the agency to ensure the integrity of IRS operations and its employees.

The IRS was also separated in large part from the control of the Department of the Treasury, under the theory that the Department, with its numerous politically appointed officials, should not be involved in the day-to-day administration and enforcement of the tax laws. Of course, Treasury continued as a major player in the establishment of federal tax policy, as well as other areas. But Congress intentionally divorced the Department of the Treasury from interpretation, implementation, and enforcement of the Internal Revenue laws enacted by Congress.

THE SECRETARY OF THE TREASURY ON THE IRS OVERSIGHT BOARD

Against this background and the principles first enumerated (of ensuring the non-partisan administration of the tax laws) must be weighed the advantages and disadvantages of the Secretary of the Treasury being on the IRS Oversight Board. The citizens of this nation must believe that the tax laws are being fairly enforced for everyone, and that similarly situated taxpayers are being treated equally. In large part, our government depends on the voluntary compliance by citizens with the tax laws. If the appearance or the reality of partisan politics ever crept, once again, into the nation's perception of the enforcement of tax laws, it could destroy belief in the integrity and fairness of the tax system that has been developed in the IRS by its largely career workforce over the last forty years. Our concern is that placing the Secretary of the Treasury on the IRS Oversight Board could once again breach the appearance and the reality of the wall of impartiality that has been so carefully constructed.

We recognize that Secretary of the Treasury Rubin (and this Administration) would take great pains to ensure that the perception or reality of political interference in the enforcement of tax laws would not occur. However, federal government policies should not depend on individuals who serve in particular positions, but on the laws enacted by Congress. This is, after all, a nation of laws, not of men.

While Secretary Rubin and even his immediate successors might never abuse their power or authority, it is not to say that some such abuse might not occur in the future. In recent history, the Nixon Administration, in the 1970's, established an enemies list and sought to have the IRS audit particular individuals and organizations for political purposes. The nation became outraged by these allegations, and it was one of the reasons that President Nixon ultimately resigned from office. In the current Administration, the allegation that a number of FBI files on previous Republican appointees were being retained in the White House became an issue of extreme concern. Again, even if this was, indeed, an innocent mistake, the perception created in the public's mind becomes the reality of the public's attitude.

For the above reasons, we believe that it is imperative that the Treasury Department continue its arms-length dealings with the Internal Revenue Service, and that the Secretary not be provided a seat on the IRS Oversight Board. Obviously, the Secretary of the Treasury has line authority over the Commissioner and Chief Counsel of the Internal Revenue Service, who are appointed by the President and the Secretary. If the Secretary believes that these officials are not properly performing their jobs or that improper policy decisions are being made, the Secretary can seek removal of these officials by the President. This kind of Power gives the Secretary of the Treasury sufficient authority to ensure that his opinions

or policy positions are seriously considered and, in most cases, followed. The Secretary does not need to be on the IRS Oversight Board to have appropriate influence on the agency. We believe that the possibility of an appearance of partisan political influence that could be engendered by the Treasury Department's deeper penetration into the operations of the IRS clearly outweighs the benefits of having the Secretary of the Treasury on the IRS Oversight Board. Our conversations with, and surveys of, IRS employees reinforce this belief. The consensus of career officials is that they would much rather have the intrusion of an independent IRS Oversight Board into their management decision making processes than they would have the additional intrusion of the Treasury Department.

INCLUSION OF THE NTEU REPRESENTATIVE ON THE IRS OVERSIGHT BOARD

From the outset of the proposal by the Kerry-Portman Commission (which studied the IRS) to include the IRS union president on the IRS Oversight Board, we have been inundated with objections from managers of the Internal Revenue Service and throughout the federal community.

IRS supervisors, managers and executives must deal with union stewards and unionized employees at the IRS in thousands of different situations each work day. In many instances, these dealings are extremely cooperative. In others, they are not. The labor management provisions of law that were enacted by Congress in 1978 for the federal government struck a careful balance between the union's rights and management responsibilities in the labor-management context (see Chapter 71, Title 5, U.S. Code). The law sets forth the rights of employees to union representation, the subjects of bargaining, and establishes the Federal Labor Relations Authority and the Impasses Panel to decide various disputes between the labor and management positions when negotiations cannot solve the issues. It is a carefully constructed process which has served the federal community well for over 20 years.

However, the placement of the IRS employee union president on the Oversight Board, and the provision in the House and Senate bills which gives the union absolute veto power over any attempt by the Oversight Board, the Commissioner, IRS manager, or even the President, to implement personnel reforms which would affect bargaining unit employees represented by the union stands this law on its head.

First, the placement of the union president on the Oversight Board would alter the balance of power between labor and management. A supervisor or a district director at an IRS district office trying to negotiate with the local union could be totally bypassed, and the union's position conveyed to the IRS Oversight Board by the union president in such a way that distorted the merits of management's position at the district office. This would prevent the entire IRS management structure from being able to negotiate on an equal basis with the union. The House and Senate bills give the Oversight Board the authority to oversee the selection, evaluation, and compensation of IRS career executives. The union's presence on this Board, and its resultant ability to influence the selection, evaluation, and compensation of IRS managers is a direct conflict of interest, one which would eviscerate the IRS executive's ability to deal with the union on any but a subservient basis.

In addition, the union's participation on the Board, which will prepare and present a recommended budget for IRS to Congress puts the union in a position to be able to benefit itself as an organization, as well as the IRS employees which it represents, in violation of current criminal law. As the attached opinion from the Office of Government Ethics explains:

"Given the duties of the Board, this individual [union representative] cannot serve as a 'representative'—a status recognized in applying conflicts laws to certain individuals carrying out purely advisory duties. We believe that the basic criminal financial conflict of interest statute, 18 U.S.C. §208, will be applicable to this individual and will substantially limit that individual's ability to carry out any meaningful service on the Board. . . . In addition, we believe that such a member will also be substantially inhibited from carrying out his or her duties on behalf of the union by the restrictions of 18 U.S.C. §203. There are no applicable waivers for these [two] restrictions."

Even in the face of the opinion of the Office of Government Ethics (the interpreter of the application and enforcement of ethics laws in the Executive Branch), the Administration and Senator Bob Kerry continued to insist that the IRS union representative be placed on the Oversight Board. Senator Kerry directed the Committee staff (at the time he sponsored his amendment before the Senate Finance Committee) to work with the Office of Government Ethics to provide in S. 1096 for waivers of these two criminal statutes as applied to the union representative on the IRS Oversight Board.

In our view, this would be an outrageous action by the Congress. To exempt a specific individual who is serving as a union representative from the application of two criminal laws for which there are no waivers available in law, is unprecedented, so far as we can determine. At the very least, the waiver of the application of criminal laws should at least have full consideration by the United States Senate, and, we believe, should require hearings by the Senate and House Judiciary Committees before being enacted. We cannot believe that the American people would be willing for Congress to selectively exempt a union representative from the application of criminal laws which apply to other citizens. If anything, these two criminal statutes should be repealed for all, rather than providing immunity from prosecution for one individual.

SUMMARY

For the reasons stated above, we strongly urge that you sponsor an amendment in the Senate to strike the provision from S. 1096 authorizing and/or requiring that the representative of the IRS employees union and the Secretary of the Treasury be placed on the IRS Oversight Board. The placement of the Secretary of the Treasury on the Oversight Board threatens, in our view, to erode the necessary confidence of the American people in the non-partisan administration and enforcement of the tax laws. The inclusion of the union representative on the IRS Oversight Board threatens the ability of IRS management to manage and control the IRS workforce. In addition, the provision granting the union representative immunity from two criminal laws which apply to every other citizen threatens not only the appearance but the actuality of the integrity and non-partisan impartiality of the Internal Revenue Service.

Sincerely,

CAROL A. BONOSARO,
President.

G. JERRY SHAW,
General Counsel.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, on behalf of Mr. KERREY, who is the manager, the ranking manager on this side, I have been asked by him to state that the vote on the Faircloth amendment is a vote, in essence, quite similar to the vote that has already occurred on the amendment by Mr. FRED THOMPSON of Tennessee. Mr. KERREY asked me to state that he would suggest, or even urge, Members to vote against the Faircloth amendment, the case already having been made, and in accordance with the request by Mr. KERREY, I am authorized to yield back the time on this side.

Mr. FAIRCLOTH. If I have time remaining, I yield it back.

Mr. KERREY. I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ROTH. I yield back our time.

Mr. FAIRCLOTH. I am ready to call for the yeas and nays, but I understood that Senator BYRD was going to speak.

Mr. KERREY. Earlier we did request that. We have some Members who will leave at 11 o'clock, so I asked Senator BYRD if he would speak after the rollcall vote.

Does the Senator still want a rollcall vote on this amendment?

Mr. FAIRCLOTH. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll. The yeas and nays have been ordered.

The legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Hawaii (Mr. AKAKA) is absent because of a death in the family.

The PRESIDING OFFICER (Mr. GRAMS). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 35, nays 64, as follows:

[Rollcall Vote No. 123 Leg.]

YEAS—35

Allard	Gramm	Murkowski
Ashcroft	Grams	Nickles
Bond	Gregg	Roberts
Brownback	Helms	Roth
Chafee	Hutchinson	Sessions
Coats	Inhofe	Shelby
Cochran	Kyl	Smith (NH)
Coverdell	Lott	Smith (OR)
Enzi	Lugar	Thomas
Faircloth	Mack	Thompson
Frist	McCain	Thurmond
Gorton	McConnell	

NAYS—64

Abraham	Campbell	Durbin
Baucus	Cleland	Feingold
Bennett	Collins	Feinstein
Biden	Conrad	Ford
Bingaman	Craig	Glenn
Boxer	D'Amato	Graham
Breaux	Daschle	Grassley
Bryan	DeWine	Hagel
Bumpers	Dodd	Harkin
Burns	Domenici	Hatch
Byrd	Dorgan	Hollings

Hutchison	Leahy	Santorum
Inouye	Levin	Sarbanes
Jeffords	Lieberman	Snowe
Johnson	Mikulski	Specter
Kempthorne	Moseley-Braun	Stevens
Kennedy	Moynihan	Torricelli
Kerrey	Murray	Warner
Kerry	Reed	Wellstone
Kohl	Reid	Wyden
Landrieu	Robb	
Lautenberg	Rockefeller	

NOT VOTING—1

Akaka

The amendment (No. 2360) was rejected.

Mr. KERREY. Mr. President, I move to reconsider the vote.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, I ask unanimous consent that I may yield to the manager of the bill for the purpose of transacting three amendments, after which I be again recognized.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. I thank my esteemed colleague for his courtesy as it is very helpful in moving this legislation forward. I first yield to Senator KERREY to offer one amendment.

AMENDMENT NO. 2361

(Purpose: To express the policy of Congress that the Internal Revenue Service should work cooperatively with the private sector to increase electronic filing)

Mr. KERREY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nebraska [Mr. KERRY] proposes an amendment numbered 2361.

Mr. KERREY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 256, line 15, strike "and".

On page 256, line 18, strike "2007." and insert "2007, and".

On page 256, between lines 18 and 19, insert the following:

(3) the Internal Revenue Service should cooperate with the private sector by encouraging competition to increase electronic filing of such returns, consistent with the provisions of the Office of Management and Budget Circular A–76.

Mr. KERREY. Mr. President, this amendment has been agreed to on both sides. It strengthens the electronic filing section, title II of this bill. I appreciate very much the Chairman's support.

Mr. ROTH. As Senator KERREY indicated, this amendment is acceptable to us, and I urge its adoption.

The PRESIDING OFFICER. Is there further debate on this amendment? If not, the question is on agreeing to the amendment.

The amendment (No. 2361) was agreed to.

Mr. ROTH. I now yield to Senator GRASSLEY.

The PRESIDING OFFICER. The Senator from Iowa.

AMENDMENTS NOS. 2362 AND 2363, EN BLOC

Mr. GRASSLEY. Mr. President, I send two amendments to the desk and ask that they be considered en bloc.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY] proposes amendments numbered 2362 and 2363, en bloc.

The amendments are as follows:

AMENDMENT NO. 2362

(Purpose: To add a counsel to the Office of the Taxpayer Advocate who reports directly to the National Taxpayer Advocate)

On page 203, line 5, strike "and".

On page 203, line 10, strike the period and insert ", and".

On page 203, between lines 10 and 11, insert: "(III) appoint a counsel in the Office of the Taxpayer Advocate to report directly to the National Taxpayer Advocate."

AMENDMENT NO. 2363

(Purpose: to authorize the Secretary of the Treasury to provide a combined employment tax reporting demonstration project)

At the end of subtitle H of title III, insert the following:

SEC. . COMBINED EMPLOYMENT TAX REPORTING DEMONSTRATION PROJECT.

(a) IN GENERAL.—The Secretary of the Treasury shall provide for a demonstration project to assess the feasibility and desirability of expanding combined Federal and State tax reporting.

(b) DESCRIPTION OF DEMONSTRATION PROJECT.—The demonstration project under subsection (a) shall be—

(1) carried out between the Internal Revenue Service and the State of Iowa for a period ending with the date which is 5 years after the date of the enactment of this Act,

(2) limited to the reporting of employment taxes, and

(3) limited to the disclosure of the taxpayer identity (as defined in section 6103(b)(6) of such Code) and the signature of the taxpayer.

(c) CONFORMING AMENDMENT.—Section 6103(d)(5), as amended by section 6009(f), is amended by striking "project described in section 976 of the Taxpayer Relief Act of 11997." and inserting "projects described in section 976 of the Taxpayer Relief Act of 1997 and section —— of the Internal Revenue Service Restructuring and Reform Act of 1998.".

Mr. GRASSLEY. Mr. President, the first amendment that I am offering today will simply place a counsel—a lawyer—in the National Taxpayer Advocate's office.

The purpose of doing this is to give the Taxpayer Advocate ready access to legal opinions and legal judgments, Currently, the Taxpayer Advocate must put requests into the Office of Chief Counsel.

In order to make the Taxpayer Advocate more independent, which is what this bill does, it logically follows that the Taxpayer Advocate should have its own legal counsel. This will guarantee it fast, confidential legal advice to help those taxpayers in greatest need. Because it is the taxpayers in greatest need who go to the Taxpayer Advocate.

The second amendment should not be controversial. It applies only to Iowa. It is only a pilot project. We created an identical pilot project in Montana last year. A nationwide project like this was recommended by the IRS Restructuring Commission. My amendment is only a pilot program and it is only for Iowa.

This project would simplify reporting for some Iowa businesses. It would give a try to a program that would allow them to report taxes on one form. This gives businesses more time to conduct business, and spend less time on paperwork.

Mr. President, these amendments have been cleared by the other side, and I ask that they be adopted by consent.

The PRESIDING OFFICER. Is there further debate on the amendments? If not, the question is on agreeing to the amendments.

The amendments (Nos. 2362 and 2363) were agreed to.

Mr. GRASSLEY. I move to reconsider the vote.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from West Virginia.

MOTHER'S DAY 1998

Mr. BYRD. Mr. President, I refer to the third chapter of Genesis, verse 20, "And Adam called his wife's name Eve; because she was the mother of all living."

This coming Sunday, May 10, is Mother's Day. And, upon awaking that morning, some mothers will be treated to a lovingly prepared culinary surprise, and a glue-streaked—but treasured—handmade card. Others will be invited to brunch or to lunch or to dinner with their children and, perhaps, grandchildren, many of whom may have traveled long miles, some perhaps from one edge of the continent to the other, to help honor their mothers and grandmothers on this very special day, a day that originated in West Virginia, Mother's Day.

In my own case, and that of my wife, we will be visited by our two daughters, Mona Carol and Marjorie Ellen, and their husbands, Mohammad and Jon, respectively. And we will also be visited by our five grandchildren. I will name them in the order of their ages: Erik Byrd Fatemi, and then Mona Byrd Moore, Darius James Fatemi, Mary Anne Moore, Fredric Kurosh Fatemi. They will all come to our house, the

Lord willing, this coming Sunday, and they will bring flowers to my wife Erma. And we will sit and talk for awhile, and then we will have those beautiful flowers and those beautiful thoughts and those beautiful memories that will be with us for—in the case of the flowers, all summer; in the case of the thoughts and memories, as long as we live. Others of my colleagues will experience the same visits from their daughters and granddaughters. And this will go on all over the country, with children coming back home, the family circle again coming together.

This weekend will be one of the busiest weekends of the year, one of the busiest for florists who deliver baskets and bouquets of long-distance love. As for telephone lines, they will be busy also, carrying the loving voices of sons and daughters, unable to make the long journey home. Some will be calling from foreign lands, but they will make those calls to mother.

This annual outpouring of affection and appreciation gives me hope that the strength of family feeling in this Nation has really not diminished all that much, but ever how much, is too much. Yet, those feelings are still strong. Despite the afternoon hatefests on television that sometimes pass for talk shows, in which high ratings are garnered by mother-daughter rivalries or mother-son conflicts that devolve into circus sideshows, caring and affection are still widespread among ordinary families like mine, and like the families of others here.

I cannot adequately describe how proud I am that the strength, the character, and the devotion that my wife Erma instilled in our daughters have carried through their families and are manifested in the fine families that my grandchildren are building. And I know that other Senators are just as proud of their families as I am of mine. I have said many times that the love and confidence and support of my family have helped me through the hardest moments of my life—I have had some pretty tough moments—and have sweetened every victory, and there have been some victories.

"Simply having children does not make mothers," someone has said, but a good mother is a pearl without price, for a mother's role in maintaining a civil and decent society is incalculable.

I say mothers here, not to denigrate the active role played by many fathers in the lives of their children today, but in recognition of that fundamental tie between a mother and her child—between a mother and her children. It is mother who wakes first at night to soothe the fevered brow. It is mother whose kisses are better than Bactine at taking the sting out of the tender skin. It is mother whom you call when things are really, really bad, no matter your age. It is mother who teaches us love. Mothers are our first and our best role models, whose wisdom and training guide us through our headstrong teenage years and comfort us when we are older.

Napoleon Bonaparte said, "The future destiny of the child is always the work of the mother." To raise children to become good citizens is a challenge, and it seems that today there are so many more malign influences out there, working to bend that childish twig into a blighted and twisted tree. "As the twig is bent, the tree is inclined," it has been said. And, so, as I have stated, there are so many more malign, malignant influences out there everywhere, working today, than there were when I was a child, working to bend that childish twig into a blighted and twisted tree.

When I was younger—I will not say when I was young, I am still young, as young in spirit as ever—but when I was a boy, there was no television, thank God; no television, and only very limited radio programming. That was back in the days when radio was good. We had an old Philco radio, just a little radio that sat on a shelf on the wall.

Of course, during the years when I lived as a country boy "out in the sticks," as we sometimes are prone to say, we had no radio at our house. We had no electricity in the house. No radio, no running water, no electric lights. But we moved later to a coal camp where we did have a radio, the Philco that sat on the wall shelf.

A trip to the movie theater was rare. I remember that the strong man in the old silent movies was Joe Bonomo, and the cowboys were Tom Mix, Hoot Gibson, Jack Hoxie, and William Desmond. But there was no Internet and no video, not even a school library in the two-room schools that I attended. But later on when I was in high school, there was a school library. Then there was Bible class on Sunday. It was, in many ways, an easier time, a simpler time in which to rear children; it was much more easy to protect children against corrupting material.

I am no Luddite opposing technology and progress. Isaiah said that we would have progress. He said:

> Prepare ye the way of the Lord, make straight in the desert a highway for our God. Every valley shall be exalted, and every mountain and hill shall be made low: and the crooked shall be made straight, and the rough places plain:
>
> And the glory of the Lord shall be revealed, and all flesh shall see it together. . .

So Isaiah foresaw the diesel motor train, the submarine, the underocean cable. He foresaw television. He foresaw that wonderful nuisance, the telephone, and all of these inventions, of course, would level the hills and all flesh would see the glory of the Lord together. That was Isaiah.

I am no Luddite opposing technology; I am for it. And progress, of course, I am for that, too.

With the bad comes the good, and with the good comes the bad. Children, unfortunately, have access to pornography on the Internet, but they also have access to Shakespeare and to Milton and to Carlyle. They have access to their Government and to many other sources of useful and intellectually stimulating information.

With television and with videos, our children can visit the world and see history in the making. But a parent's job, the mother's job or the father's job, is harder. It is more difficult to protect your children from material that may be too seamy or too misleading. It is more difficult to shield your children from language that is profane, offensive, vulgar. It is more difficult to demonstrate acceptable behavior when aggressive drivers, offensive song lyrics and violent behavior are present on the streets, in the air and on television, therefore, right in your living room. Seemingly everywhere, everywhere.

When sports heroes spit in the face of the umpire or choke their coaches, their fans—some of them—may think it is all right, because one will probably also notice that not enough of a penalty was attached. When the news is full of lawyers or politicians or commentators throwing out slurs and wild allegations, youngsters may think that courtesy and respect are not needed in business or public life. By the way, John Locke wrote a constitution in 1669 for the government of the Carolinas. In John Locke's constitution, there could be no lawyers. No fees could be charged in John Locke's constitution. Every law would sunset at the end of 100 years. That was John Locke's constitution.

Hence, when the kind of language that I have been discussing, when the kind of behavior permeates the schoolyard and the neighborhood, it soaks into youngsters like water into a dry sponge.

When I see children of all ages celebrating their mothers on Mother's Day, I am encouraged. It means that many mothers and fathers are overcoming the difficult challenges placed before them. They are succeeding in building families. They are strong enough, caring enough, supportive enough to fend off the disrespect that surrounds them and who see no shame—no shame—in following the dictate of the Bible to honor thy mother and thy father. "Honor thy father and thy mother." These surely are families that spend time together around the dinner table.

I am overjoyed when I see my grandchildren come into my home. They are really, grown men and women.

They still kiss me on the cheek. It does not make any difference how many people are around, they still kiss me on the cheek—that demonstration of heartfelt, genuine love and affection that can only come from children. Oh, as an aside, I might add, not altogether jokingly, but also from my little dog "Billy."

These are families that spend time around the dinner table. These are families in which the children do their homework, in which parents know their children's teachers and their friends, families in which the members help and encourage and support each other through triumph and tragedy.

We spend a lot of time in the Senate talking about children, what priceless treasures they are, and the things we ought to do or ought not to do to help them. I am happy today to look past those young gems in our national treasury, to recognize and honor the mother lode from which they issue, the ore that shapes them—clear, flawless, and true in all of their colors—their mothers. I hope that the mothers on my staff enjoy their Mother's Day festivities, and that they, and my wife Erma, the mother of my daughters, who are the mothers of my grandchildren, and all mothers around the Nation, know that I salute them, encourage them, and honor them this Sunday and every day.

I salute the mothers on my staff. It is very difficult for them and for mothers on the staffs of other Senators. They have to be dedicated, and they do make a sacrifice in order to serve. And it is a sacrifice that can never be retrieved or recouped. My admiration and respect go out to all of the young mothers who work in this great Senate family.

Now, I lost my mother when I was 1 year old. She died in the great influenza epidemic in 1918. She died on Armistice Day. And I had what I thought were three brothers and one sister. Only about a month ago, I found that I had another brother, a fourth brother, who had died at childbirth. I did not know that until about a month ago.

In 1918, times were very hard. My father worked in a factory that manufactured furniture. The Spanish flu killed 500,000 people in this country, and, according to estimates, more than 20 million people around the world. My mother knew that she might not recover, and so she asked my father to give me, the baby, to his sister Vlurma. I believe he had 10 sisters. And my other brothers were to be farmed out to others of his sisters.

But I was given to my father's sister Vlurma and her husband, Titus Dalton Byrd, and they raised me. They did not have much of an education, but they gave me their love and they urged me to do right. They had the Holy Bible in the house. They could barely read, but the example that they set was a shining example of a couple who revered God. They did not wear their religion on their sleeves. They were not of the religious left or the religious right or anything of that nature; they were just good persons, trying to make an honest living and according to God's will.

I can imagine my own mother, had she lived; I have no recollection of ever having seen her, naturally, by virtue of her having gone away when I was just a year old. But the woman who raised me gave me tenderness and love and affection. I can see her wearing her bonnet and her apron. She was a hard worker. I can see her, as others in this Chamber can see their own mothers, I am sure, especially as most Americans who are perhaps not as old as I am, can remember their mothers, especially those who lived out in the country, out on the farm, wearing their bonnets and their aprons as they worked in the kitchen.

Those were old-fashioned mothers. We picture them in our minds. My mom, I used to watch her as she cooked the meals when I was a little boy. And I would hear her sing. And I would hear her use an expression: "Well, you put in a pinch of this and a pinch of that." They did not have cookbooks. And my mom probably could not have read a cookbook, in any event. But I often heard her use that expression: "A pinch of this, a pinch of that." They did not use recipes; they just knew about how much of this ingredient to put in, how much of that to put in, and how long to cook it. By experience, they learned to cook. They were great cooks—great cooks.

Well, as I think of that woman who raised me, I think of the old-fashioned mother that most of us can remember. And I will close with a few lines that take off on my mom's expression, "a pinch of this, a pinch of that." Now, I did not write this poem. I do not remember the name of the author. It is a fitting poem:

When Mother use to mix the dough,
Or make a batter—long ago;
When I was only table high,
I used to like just standing by
And watching her, for all the while,
She'd sing a little, maybe smile,
And talk to me and tell me—What?
Well, things I never have forgot.

I'd ask her how to make a cake.
"Well, first," she'd say, "Some sugar take
Some butter and an egg or two,
Some flour and milk, you always do,
And then put in, to make it good—"
This part I never understood
And often use to wonder at—
"A pinch of this, a pinch of that."

And then, she'd say, "my little son,
When you grow up, when childhood's done,
And mother may be far away,
Then just remember what I say,
For life's a whole lot like a cake;
Yes, life's a thing you have to make—
Much like a cake, or pie, or bread;
You'll find it so," my Mother said.

I did not understand her then,
But how her words come back again;
Before my eyes my life appears
A life of laughter and of tears,
For both the bitter and the sweet
Have made this life of mine complete—
The things I have, the things I miss,
A pinch of that, a pinch of this.

And, now I think I know the way
To make a life as she would say:
"Put in the wealth to serve your needs,
But don't leave out the lovely deeds;
Put in great things you mean to do,
And don't leave out the good and true.
Put in, whatever you are at,
A pinch of this, a pinch of that."

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. ROBERTS). The Senator from Kansas is recognized.

Mr. BROWNBACK. What a stirring speech from the Senator from West Virginia on such a fitting time and occasion, on Mother's Day. I just did my note to my mother this morning for Mother's Day. I sent a poem—not orally delivered; I think orally is much better than in writing.

As you reflect and talk of the essence of motherhood, it seems it is the essence of love you are talking about. It reminds me of what we are called to do. We are called to love—to love our Lord, our God, with all our heart, mind, soul, and flesh, and to love our neighbor as ourselves. Mothers seem to exemplify that perhaps better than anybody does.

How fitting, on National Day of Prayer, when we are praying for our Nation, why not add a prayer for your mother, too, and pray for the mothers of the country who rock the cradle, who lead us in many places, in many facets.

I can see my own wife, today, with our three children, leading them and leading us and leading our family—that central unit of the Republic, the family.

I am very touched by the Senator's speech.

INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998

The Senate continued with consideration of the bill.

Mr. BROWNBACK. I am afraid, Mr. President, my speech is far more pedestrian. It is about taxes. When you think of it in the context next to motherhood, it pales substantially, yet it is the business of this body.

The bill we are on today is about taxes, and it is about reforming the IRS. I think the chairman of the Finance Committee has done extraordinary work on bringing this topic to the floor, and I am going to support it. I think it is an important measure to us and for the Republic.

I rise to speak for a few minutes on the need not only to reform the Internal Revenue Service but to change the way our Government is financed. During consideration of the budget resolution, just a short month ago, the Senate voted not only for the need to make some basic changes in the IRS but also the need to sunset the Tax Code.

It is a sad and easily recognizable fact that big government advocates have socially engineered our culture into the ground through the use—and abuse, I might add—of the power to

tax. To save our culture, we must at once not only recognize and support those entities in the culture that help us, but also remove the ability of Government to discriminate against institutions that help us, as well. For instance, the marriage penalty; we have a tax on being married. If you are married, you get taxed more than if you just live together. That is wrong. That is harmful to society. It is harmful to the culture and needs to be removed. We promote, also, gambling in the Tax Code.

In short, we must cut back on Government's micromanagement of our lives, and particularly those areas that create vice and hinder and hurt our Republic and our Nation and our culture. This is a Tax Code that we have today that will go down in history as one of the most onerous burdens ever placed on the American people. I am convinced that we cannot have another American century with this Tax Code. It is antifamily. It is antigrowth. It cannot be saved. It must be scrapped.

But in the meantime, we must try to correct for some of the well documented cases of abuses that were given life by this Tax Code and were brought to light by the Senate Finance Committee. The IRS needs to be reformed as much as the code that has given it unprecedented power needs to be put to rest. Americans demand reform of our Tax Code as well as the agency charged with enforcing it. We have promised that reform. Now, during the course of this bill, we must begin to deliver on that promise to the American people.

I believe we need to stay focused on where the problem really lies.

In order to make this point, I have a horror story from Kansas—not that everybody doesn't have one from their home State, actually many of them coming forward—that involves an older couple—the husband is nearly 70 years old—running a small business from their home. In the mid-1980s, they were selected for an IRS audit that focused heavily on home office deductions and related expenses and resulted in the assessment of additional taxes, penalties, and interest. The constituents have made payments on the back taxes, but in so doing, they limited their ability to make their current estimated tax payments. So the IRS said, "Stop making your back tax payments and let's get caught up on your current estimated taxes." The constituents told them they would do that. But they were told, as well, that the IRS would put a hold on the collection of their back taxes until they were caught up on their current estimated taxes. The IRS said, "OK, we will put a hold on collecting your back taxes. You get caught up on the estimated current taxes." However, the IRS failed to inform the constituents that interest on the back taxes would continue to accrue.

Now, the outstanding principal balance my constituents owed was $18,000. However, when the penalty and accrued interest are added, the amount balloons to $46,000—from an $18,000 back tax to $46,000 in interest and penalties. My constituents have offered to pay $18,000. They believe that they might be able to come up with that with loans from friends and relatives. However, the IRS cites the constituents' equity in their home as a source of income that could be used to settle the entire debt, but they need to sell their home or otherwise refinance in order to be able to get the equity to pay off this bad tax debt.

Unfortunately, because of the situation with the IRS, the IRS has put a lien on their home. And, in fact, in this era of declining interest rates, my constituents have been forced to pay over 10 percent interest rates because the lien precludes them from refinancing at lower rates, possibly as low as 7 percent. Therefore, again, my constituents are making very high house payments, which squeezes their budget even tighter, which limits their ability to pay their back taxes and interest due to the IRS or the current estimated taxes due to the IRS.

If my constituents were to sell their home, their age would likely preclude them from generating enough income to purchase another home. The IRS has even garnished their Social Security retirement income. Social Security benefits comprise the bulk of their income. They are still trying to reach a settlement with the IRS. In trying as hard as they can to make this payment, they are getting squeezed and boxed in by this IRS and by this code. This is just another horrible example of the IRS in the Catch-22 situation that is forced upon many Americans. It must be put to a stop. This cannot continue.

The underlying problem, though, along with the IRS enforcement, is the Tax Code. Not only does our Tax Code undermine the basic building blocks of our society, the family, it also punishes good investment decisions and distorts the labor market as well as our rates of national savings are distorted by this Tax Code. It manipulates behavior by adding an incentive to do one thing while punishing those who would do something else.

A quick look at some of the inadequacies in our code should make the case for reform clear. For example, if you are a gambler, you can deduct your gambling losses against your winnings. But if you are a homeowner and you happen to make a bad home investment, and the value of your home declines, you have no recourse in the Tax Code because you cannot claim a deduction for the capital loss. Now the question really is—think about this—should we allow for a bad game of blackjack to be deducted but not a bad home investment which you were building a family around? Does this make sense to anybody? I don't think so.

The code is full of these inconsistencies, like the one I just mentioned. Sure, we can try to fix the problems within our Tax Code, and we should, but the fact of the matter is, our Tax Code is riddled with these inconsistencies. It is micromanagement to the greatest degree, which leads to the conclusion that we cannot reform this code. We have to sunset it and go to one that is simpler, better, and fairer. We must move to a tax system where individuals are not punished for getting married, for saving for their children's education, or for other investments, where the national rate of savings is not distorted by these unintended consequences. This current Tax Code doesn't make sense. It is unintelligible. It has 10 million words and it has to be gotten rid of.

We should go to a tax system that does not discriminate against the components of growth in our economy or the family. Some will disagree. But this is the precise issue upon which we must focus our debate. We must decide where we want the tax to be imposed; and further, we must understand what effect the imposition of the tax will have on the health of the economy. We need to go to a progrowth, profamily taxation system.

Mr. President, we are soon going to have a debate on replacing this Tax Code. I have spoken with the majority leader and he agrees with the need to bring this up during the Treasury-Postal debate. We will have a full debate about replacing and sunsetting this Tax Code and going to one that is simpler, fairer, and better.

It is time to have this debate. We voted previously in the Senate on a sense-of-the-Senate resolution to sunset this Tax Code by the end of the year 2001 and start the great national debate now about what we should replace this riddled code with. That is what we should do—figure out what we are going to replace it with and set the time line that by this date we will have a new code. It may take 15 years to implement it. We are going to have to do some phasing in doing it. But it is time to start the great debate on this. Reform is important. Reforming the IRS is critical. The next step is reforming the IRS code, the law. We will vote on sunsetting it and start this great national debate of going to a different system so that we can have another American century, an unlimited America. We can't with this code. We can and we must do better.

With that, I yield the floor.

Mr. GRAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. GRAMS. Mr. President, first, I thank the Senator from Idaho for allowing me to break in here to give a 5-

minute speech dealing also with what Senator BROWNBACK is talking about, which is really the unfairness of the current Tax Code that we have.

Mr. President, I am usually not one to quote poetry here on the Senate floor, but I rise today and ask my colleagues' indulgence as I broach a serious subject with a not-so-serious bit of rhyme.

Abracadabra, thus we learn
The more you create, the less you earn.
The less you earn, the more you're given,
The less you lead, the more you're driven,
The more destroyed, the more they feed,
The more you pay, the more they need,
The more you earn, the less you keep,
And now I lay me down to sleep.
I pray the Lord my soul to take
If the tax-collector hasn't got it before I wake.

Mr. President, it was 1935 when poet Ogden Nash took up his pen to warn of the dangers of a tax system run amuck. Then, the federal tax rate topped out at less than 4 percent.

Sixty-three years later, Washington now demands 28 percent of every paycheck; the additional burden of state and local taxes boosts the total tax load to nearly 40 percent of every worker's paycheck.

I cannot say with certainty what sort of poem Mr. Nash might produce on the subject were he alive today, but it would not surprise me if it could not be repeated here on the Senate floor.

There exists no other date the American people await with such dread as April 15, tax filing day. Rightfully so. Oppressive taxes, coupled with abuses the Internal Revenue Service routinely carries out upon taxpayers—abuses exposed during the recent hearings of the Senate Finance Committee—certainly highlight the reasons why.

Yet, taxpayers face another annual event they should look upon with equal disdain, an event that reveals a great deal about the federal, state, and local tax burden working families are expected to bear: Tax Freedom Day.

As it does every year, the nonpartisan Tax Foundation has calculated the date average American stops working just to pay their share of the tax burden and begin working for themselves and their families.

In 1998, Tax Freedom Day falls on Sunday, May 10. That means taxpayers must work 129 days before they can count a single penny of their salary as their own—that is a full day later than 1997, and marks the latest-ever arrival of Tax Freedom Day.

By the time Tax Freedom Day arrives, the American people will have spent the last 129 days imprisoned by their own tax system. And that is not the whole picture, because if the cost of complying with the tax system itself were included in the calculations, Tax Freedom Day would be pushed forward another 13 days. As proof of just how far we have traveled—in the wrong direction—Tax Freedom Day in 1925 arrived on February 6.

Taxpayers are now working more than an entire week longer to pay off their taxes than they were when President Clinton first took office in 1993. Calculate the tax load in hours and minutes, instead of days, and Americans spend fully two hours and 50 minutes of each eight-hour workday laboring to pay their taxes.

While May 10th marks the arrival of Tax Freedom Day for taxpayers in an average state, many Americans are forced to wait longer. My home state of Minnesota, for example, is the third highest-taxed state, and our taxpayers will not mark Tax Freedom Day until May 16, nearly a week later. If you live in Wisconsin or Connecticut, you will wait even longer.

After 16 major tax increases over the past 30 years, the need for tax relief has never been more pressing.

Congress and the President moved toward the taxpayers in 1997 by enacting the "Taxpayer Relief Act" with its $500 per-child tax credit. In 1998, Congress and the President can and must do more, beginning with fundamental reform of the entire tax system. Merely tinkering around the edges of the Internal Revenue Service won't reduce the burden on overtaxed Americans, though. Real reform means creating a more sensible way to pay for the services of government through a system that is flatter, simpler, fairer, and treats the taxpayers with respect. Meaningful tax relief—relief that leaves more dollars in the hands of working Americans to spend on child care, health insurance, clothing, and groceries—will quickly follow.

Instead of serving as yet another occasion for tabulating the high cost of government, Tax Freedom Day must become a national call to action. How far will it go if the taxpayers do not step forward? To paraphrase Mr. Nash: Abracadabra, thus we say Just where is the "freedom" in Tax Freedom Day? I yield the floor.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The distinguished Senator from Idaho is recognized.

AMENDMENTS NOS. 2364, 2365, AND 2366, EN BLOC

Mr. CRAIG. Mr. President, I send three amendments, en bloc, to the desk and ask for their immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Idaho [Mr. CRAIG] proposes amendments numbered 2364, 2365, and 2366, en bloc.

Mr. CRAIG. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2364

(Purpose: To require advance notification to taxpayers before disclosure of their income tax return information to state and local governments)

Insert in the appropriate place in the bill the following:

SEC. . TAXPAYER NOTICE.

Section 6103(d) of the Internal Revenue Code of 1986 is amended by adding at the end thereof a new paragraph to read as follows:

"(6) TAXPAYER NOTICE.—No return information may be disclosed under paragraph (1) to any agency, body, or commission of any State (or legal representative thereof) unless the Secretary determines that such agency, body, or commission (or legal representative) has first notified each person for whom such return or return information was filed or provided by, on behalf of, or with respect to, personally in writing that the request described in paragraph (1) has been made by such agency, body, or commission (or legal representative) and the specific reasons for making such request.".

AMENDMENT NO. 2365

(Purpose: To limit the disclosure and use of federal tax return information to the States to purposes necessary to administer State income tax laws)

Insert in the appropriate places in the bill the following:

SEC. . DISCLOSURE NECESSARY IN THE ADMINISTRATION OF STATE INCOME TAX LAWS.

(a) Section 6103(b)(5)(A) of the Internal Revenue Code of 1986 is amended by inserting after "Northern Mariana Islands," the following: "if that jurisdiction imposes a tax on income or wages,".

(b) The first sentence of Section 6103(d)(1) is amended by inserting the word "income" after "with responsibility for the administration of State" and before "tax laws".

The first sentence of Section 6103(d)(1) is further amended by inserting "State's income tax" after "necessary in, the administration of such", and before "laws".

AMENDMENT NO. 2366

(Purpose: To require disclosure to taxpayers concerning disclosure of their income tax return information to parties outside the Internal Revenue Service)

Insert in the appropriate place in the bill the following:

SEC. . DISCLOSURE TO TAXPAYERS.

Section 6103(d) of the Internal Revenue Code of 1986 is amended by adding at the end thereof a new paragraph to read as follows:

"(6) DISCLOSURE TO TAXPAYERS.—The Secretary shall ensure that any instructions booklet accompanying a general tax return form (including forms 1040, 1040A, 1040EZ, and any similar or successor forms) shall include, in clear language, in conspicuous print, and in a conspicuous place near the front of the booklet, a complete and concise description of the conditions under which return information may be disclosed to any party outside the Internal Revenue Service, including disclosure to any State or agency, body, or commission (or legal representative) thereof.".

AMENDMENT NO. 2364, AS MODIFIED

Mr. CRAIG. Mr. President, I ask unanimous consent that amendment 2364 be modified, and I send that modification to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 2364), as modified, is as follows:

AMENDMENT NO. 2364, AS MODIFIED

(Purpose: To require advance notification to taxpayers before disclosure of their income tax return information to state and local governments)

On page 394, after line 15, add new item 5 to read as follows:

"(5) Whether return information should be disclosed under Section 6103(d) of the Internal Revenue Code of 1986 to any agency, body, or commission of any State (or legal representative thereof) unless the Secretary determines that such agency, body, or commission (or legal representative) has first notified each person for whom such return or return information was filed or provided by, on behalf of, or with respect to, personally in writing that the request described in section 6103(d) of the Internal Revenue Code of 1986 has been made by such agency, body, or commission (or legal representative) and the specific reasons for making such request.".

Mr. CRAIG. Mr. President, before I discuss these three amendments en bloc, let me say, as so many of us have on the floor over the last several days, how proud we are of Senator BILL ROTH for the very statesmanlike approach he has taken toward major reform of the Internal Revenue Service. His committee, the Finance Committee of this Senate, and the hearings he has held with the full participation of Democrats and Republicans alike in most instances, is producing the first significant reform in the IRS in its history in well over 200 years. We are reversing a trend that over 200 years progressively took away from the average citizen, the taxpayer, more and more of their rights as individuals, their personal power upon themselves, and their own financing. So what we do here today and what we have been doing for several days is phenomenally significant. I am tremendously proud of our chairman, BILL ROTH, and the statesmanlike approach he has taken.

Let me also say that the leadership of our majority leader, TRENT LOTT, has also helped to cause this to happen. He has supported our chairman and insisted that we move this along in a timely fashion. Of course, I am pleased that the American public is supportive of what we are doing. They know more than anyone else the importance of the reforms that we are debating.

While this is a major step taken forward, my three amendments touch on an area that really has not gone overlooked but is very seldom talked about; that is, taxpayer privacy and disclosure of taxpayer information. It is probably one of the more important areas. And it is something that a lot of our citizens simply don't know a great deal about. They assume, and you and I assume, Mr. President, that our information, our forms, our files at the IRS are very, very private. They are not. For the next few moments let me explain why they are not, and why my three amendments would make a major effort to correct that.

While the citizens of our country believe that the agencies of the Federal Government responsible for collecting and administering our tax laws will hold their information confidential—and I think they have been led to believe that over the years—it just simply is not the case.

I was stunned when I found out that under the Internal Revenue Code and the IRS regulations all it takes is one simple letter from State tax officials to get the IRS to turn over to thousands of officials across the Nation millions of pages of citizen returns. Those citizens have no way of finding out that their returns have been passed on in whatever manner. Does the IRS tell them? No. It doesn't. Does it state to them that at least they have been turned over to the State? Or does the State notify them that they are in possession of their Federal tax records? Again the answer is no. It doesn't tell them. You and I, Mr. President, would like to think that those are our private records. We know, as every citizen knows, that they are the most disclosing of all financial information that any citizen ever provides. And it is all considered, at least by the citizen, confidential.

The evidence is very clear that there could be abuse. We don't know at this moment whether there has been State or local abuse. I say local abuse because we know that cities that have income taxes also can have made available to them those citizens' Federal IRS returns referenced. So what we don't know is where the abuse is occurring. What we do know is that these are released.

More than 60 jurisdictions under section 6103 of the Internal Revenue Code are allowed to have access, all 50 States, the District of Columbia, Commonwealth and territories, plus all of the cities with income taxes and with populations of over 150,000. It is true that section 6103 of the code prohibits sharing tax return information—Watergate style, that is—with Governors and mayors. Or shall I say political individuals? But then you and I know, Mr. President, that in some of our States there still lurks and there always will lurk the "good ole boy" system.

Who appoints the tax commissioner in the State? Very few are elected. The Governor does. Who has access to all of these files? The tax commissioner does. If I want to know something about an individual, and I am a Governor, or I am a mayor of the so described cities, is it impossible to get that information? Let me tell you. There is a law against doing that. But we know that law has not been enforced, or we know that in many instances. Who would ever find out? Do we have Federal agents at State collection agencies ensuring the security and the confidentiality of those thousands of records they have passed forward? No. Absolutely not. We couldn't afford it if it were the right thing to do.

So what I am suggesting in my amendments is that we change the behavior, change the attitude. Drug dealers, child molesters, and organized crime individuals have more protection outside of the Tax Code than the average citizen has inside the Tax Code.

Frankly, I am amazed that this type of sharing of confidential tax information has not been found to be an unreasonable search under the fourth amendment of the Constitution.

I want to stress that this information is not passed along only in cases in which an individual is under investigation by a State or a local tax agency. One routine request will provide detailed computer tapes on virtually all of the taxpayers in that State. Then computers can be used to scan the tapes for any item of information that the State or the local officials think may indicate "fishy behavior," or the tax return information of selected individuals may be accessed. And the taxpayer, again, let me repeat, is never told that his or her records are being passed around in the character and in the nature which I have described.

What kind of confidential taxpayer information can be passed around so freely? I was astounded to find out how much. The kind of confidential tax information being handed out includes the taxpayer's annual tax returns, information returns, declarations of estimated taxes, claims for refunds, amendments, supplements, and supporting schedules and attachments. Worse yet, many types of information can be passed around simply because they are called return information. This can include the taxpayer's identity, the nature, the source, and the amount of income, any payments or receipts in the IRS files, and any deductions you may have taken. From that type of information it is possible to figure out what kind of house the taxpayer lives in, the amount of the debt that taxpayer has, if you are sick, if you are not sick. The confidential taxpayer information being passed around includes your net worth, your tax liability, any deficiencies in tax payments you have and the like. It gets worse. It doesn't get better because there are a lot of things in those files.

The confidential information shared includes any data received or prepared by the IRS regarding a return deficiency, penalties, interest, offenses, and the like. It includes any information regarding actual or possible investigation of a return. And it also includes any part of an IRS written determination or background file document not opened to public inspection.

Now, remember, I just said information not open to public inspection that can be sent out across the country to any lesser tax collecting agency. It

may even include an incorrect or an unfavorable credit report, a report which under any other circumstance you could access, dispute, and correct.

Generally, however, taxpayers do not have access to their own IRS files. Therefore, you, the taxpayer, have no way of checking the accuracy of the information or refuting incorrect information that may be passed back and forth freely amongst several levels of government.

The bundle of amendments I have offered today does several things. My first amendment would advance the idea of not allowing this kind of confidential information to flow forward. I understand that States that have income taxes use the IRS code and its information to shape and define their own taxpayers, and I understand that if we were to stop that immediately it could cause grave impact on State tax collecting agencies. So what I have asked in this amendment, in the modification that I sent to the desk, is that we review through the study within the proposed law that we are debating now of 6103, that we look at this as a part of a study to see how we can shape the assurance of confidentiality, as information in some instances probably must flow to other tax collecting agencies. And I hope we can accept that. It is a study to begin to look at assuring confidentiality in an area that, very frankly, the committee did not take a lot of time looking at.

The second amendment would limit the sharing of tax return information with States or local governments to circumstances in which its disclosure and use is necessary to administer a State or local income tax. So we are talking exclusively of an income tax calculation, not, if you will, the broad search for information.

Under careful examination of section 6103, I noticed that large cities, as I mentioned, would receive confidential tax information only if they impose their own city income tax. So we want to limit it to just those cities that have an income tax. But States, the District of Columbia, territories, and Commonwealths could receive detailed, voluminous information on income tax returns as long as they assure the IRS that the information is somewhat related to State tax law; in other words, we want to make it specific: States, governments, local jurisdictions that have income taxes as a part of their revenue collecting and therefore to be very specific so that States that do not, cities, large cities of over 225,000 that do not, cannot request it because the law would deny, or allow the IRS to deny that kind of request of these very large volumes of confidential information.

Amendment two would shape that and limit it. In short, this amendment simply says income tax information should only be shared for a relevant purpose—for income tax purposes, period. It would treat States and other jurisdictions the way the Tax Code already treats the larger cities. This amendment represents a modest first step toward better protection for taxpayer privacy.

The third amendment requires the IRS to publish a reasonable disclosure to all taxpayers in the instruction booklets already accompanying the basic Federal income tax returns. This would simply be an explanation to the taxpayer in clear language, in conspicuous print, one page, in the front of the information booklet, the conditions under which the taxpayer's tax return information may be shared with any other party outside the IRS.

In other words, it puts the taxpayer on notice that here is the limit and this is information they simply did not know before. I firmly believe that virtually none of America's taxpayers realize just how public their private tax records are. The very least we owe them is to disclose up front the circumstances under which their information will be shared. This would also assure them of the extent, however limited, to which their privacy is protected. This disclosure also should result in increased compliance with State and local tax laws since taxpayers will be reminded up front as they prepare their Federal return that the same information may be shared for State or local compliance purposes. Surely, the IRS can do this for its taxpayers. Taxpayers who will send $1.7 trillion this year to the Treasury of this country deserve to have a clear, one-page explanation of the extent to which their privacy is protected.

Let me repeat that. One page of information, that is all it takes, in the front of the information book that goes out to every taxpayer. I do not want the regulators downtown to decide that it takes an entirely new book with multiple pages saying blah-blah-blah, blah-blah-blah. We want the taxpayer to know the circumstances and those who can receive this very private and very confidential information. So that is what should happen, and I believe these are amendments Congress should accept as we move to reform the IRS code.

Mr. President, I urge adoption of amendment 2364, as modified, and I ask to set aside for the time being amendments 2365 and 2366.

The PRESIDING OFFICER. Is there an objection? Without objection, it is so ordered.

The amendment (No. 2364), as modified, was agreed to.

Mr. CRAIG. Mr. President, again, I applaud my chairman, BILL ROTH, for the leadership he has brought on this most significant of issues. As I say, it is fun to be a part of rolling back 200 years of accumulation of assault on the American taxpayer that clearly this Senate is acting upon now in this major reform of the IRS. Of course, to our majority leader, and to all who have joined in the Finance Committee, it is especially important that we do this.

So I hope that the disclosures I am talking about, the limitations as they relate to privacy and the confidentiality of this information can become a part of that reform. And then, of course, the other, an intense study to understand how far we can go and how we can work with income-tax-collecting State agencies and cities to assure even greater confidentiality is so very important.

With those comments, I yield the floor. I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. THOMAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THOMAS. I ask unanimous consent to speak for 6 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator is recognized.

Mr. THOMAS. Thank you, Mr. President.

A SPECIAL MOTHER—DOROTHY B. ENZI

Mr. THOMAS. Mr. President, I want to take some time while we are in a pause here to talk about something that all of us are aware of, and that is Mother's Day, which is on Sunday, but I also want to talk a little bit about a special mother, a lady from Sheridan, WY.

This lady was selected to be Mother of the Year in Wyoming a short time ago. Just last week, she participated in the National Mother of the Year event, American mothers event. She is a lady who has done all of the things that people want to do.

She had a long and happy marriage, a career with her husband in a small business, a leader in her church. She continues to be an elder of the Sunday school, superintendent of a Presbyterian Church, first woman president of the Sheridan County Chamber of Commerce, a scout leader, director of the National Miss Indian Pageant for 12 years, twice Worthy Matron of Eastern Star. Currently, she is serving on the boards of the Sheridan County Senior Center, Salvation Army, Lifelink and Camp Story. She is a busy, busy lady. She also has two children.

Her name is Dorothy Enzi, and one of her children is Senator MIKE ENZI from Wyoming, my associate, who went, by the way, last weekend to this national event.

I want to take a moment to recognize this lady for all that she does, not only because she is my friend's mother and my friend as well, but because this is the time to celebrate motherhood, a time to celebrate families, a time to celebrate things that we think are so important.

I was struck by the homey sort of poem that was written by her daughter, the other child of Dorothy Enzi. I am going to share it with you.

A WOMAN AHEAD OF HER TIME

(By Marilyn Koester)

Dorothy Enzi has always worked hard all her life
With a wholesome work ethic, whatever the strife.
A woman who was always ahead of her time
A 90's woman of each era—a role model of mine.

In the 40's a grocery store she did run
With her husband, yet still had time for her son.
Then I came along and she handled that too
This 90's woman of the 40's knew just what to do.

In the 50's she ran the Thermop Trailer Court
While Dad sold shoes on the road for his family's support.
Then to Sheridan they moved and worked side by side
At their very first shoe store—a real source of pride.

Mom always made time for Mike's and my needs
As Den Mother, Scout Leader, she did many deeds.
She always worked hard—often into the night
A 90's woman of the 50's she knew what was right.

In the 60's more shoe stores were opened elsewhere
And Mom worked just as hard as anyone there.
She was active in clubs and the Chamber as well
As their first woman President she served them quite swell.

Whatever the challenge, she took it in stride
But her family remained a great source of pride.
As we both entered college we knew what it took
The 90's woman of the 60's had written the book.

In the 70's Mom was still going strong
She and Dad worked hard and the hours were long.
But they took time to golf and oft headed south
When the winters up north got them down in the mouth.

Her kids were now grown and both married as well
Grandchildren now made her feel pretty swell.
She cuddled and coddled and to them she did tend
This 90's woman of the 70's came full circle again.

In the 80's the shoe stores were now changing hands
And Mom still was strong when alone she did stand.
Dad passed on to a place where Mom could not go
But she cherished the memories whene're she felt low.

She kept loving life and worked hard at all tasks
And volunteered time to all groups that did ask.
Still active and busy, not once standing still
This 90's woman of the 80's thought life was a thrill.

Now the 90's have come, and Mom still shows us how
You can work hard, enjoy life and do it all now.
Life's never dull if you give it your best
And God's blessed us with a Mother above all the rest.

On this great occasion Mike and I say
Congrats Mom, we love you, let's make this your day.
Mother of the Year we salute you and say
You're a woman ahead of your time to this day.

So I rise to salute Dorothy Enzi, and all the mothers in this country, and particularly the good bringing up that our good Senator from Wyoming has had from his mother.

Thank you, Mr. President.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998

The Senate continued with the consideration of the bill.

Mr. ROTH. Mr. President, I point out that it is almost 5 minutes to 1, and we still have a great deal of territory to cover if we are going to complete this legislation today. And it is my intent to stay here until we do so.

The question of restructuring IRS is a matter of great importance. It is important that we get on with the job. So I want everyone in the Senate to know that it is my full intent to complete consideration of this bill today. That means we have to get on with the job. And we are sitting here waiting for amendments to be brought to the floor.

So I say to each of my colleagues, if you have any intention of bringing up an amendment, now is the time to do it, because time is moving rapidly and I know many of you want to get out of here this evening.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. INHOFE). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DORGAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. I ask unanimous consent to speak for 4 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

MANAGED CARE

Mr. DORGAN. Mr. President, one of the issues that we think is very important and needs to be addressed by this Congress is the issue of managed care. A number of us have, every day the Senate has been in session recently, brought to the floor stories of what is happening in health care in this country and examples why a Patients' Bill of Rights, which we would like to see the Congress enact, would be beneficial to the American people.

Today I want to tell you about a man named Frank Wurzbacher of Alexandria, Kentucky. Fred received monthly injections of a drug called leupron as treatment for his prostate cancer. Under his retiree health plan, that treatment, which cost $500 per injection, was fully covered.

When a different insurance company took over as the plan administrator, however, the new company notified Mr. Wurzbacher that his coverage for this treatment was reduced from 100 percent to only two-thirds of the total cost. In other words, rather than paying the full $500 for the shot, the company would pay only $320.

At the time, Mr. Wurzbacher was a 66-year old retiree. He didn't have the extra $180 a month for the leupron injections, so he asked his physician what his alternatives were. The physician said the aggressiveness of the cancer suggested that the only other alternative was the removal of the patient's testicles. The surgery was approved. Mr. Wurzbacher had that surgery and then returned home from the hospital to find a letter from the insurance company notifying him that it had made a mistake and that his plan would, in fact, pay the full $500 for the monthly leupron injection. But by then, of course, it was too late; the surgery had been done.

That should not have happened to Mr. Wurzbacher and would not happen if the Patients' Bill of Rights were law. Under the Patients' Bill of Rights, there would have been an appeal of the new plan administrator's decision and that appeal, perhaps, would have then disclosed that the coverage for leupron was in fact fully available. Mr. Wurzbacher would not have had to go through his operation. Of course, no one can turn back the clock, and Mr. Wurzbacher is just one more victim of decision-making by those who all too often see medical care as a function of dollars and cents and the bottom line, rather than as a function of saving someone's life.

The Patients' Bill of Rights simply says that those 160 million Americans who are now herded into managed care organizations for their health care have certain rights. One of those rights

ought to be the right to be told all of your medical options for the treatment of your disease, not just the cheapest option.

You also ought to have a right to appeal an adverse decision that is made about your health care by your managed care plan. Such an appeal may very well have prevented the kind of tragedy that was visited on Frank Wurzbacher of Alexandria, KY.

Mr. President, we hope very much that Republicans and Democrats together this year will agree that the issue of managed care and the issue of a Patients' Bill of Rights should be brought to the floor of the Senate and addressed not only in the Senate, but also by legislation enacted by Congress this year. We will continue to discuss on the floor of the Senate the stories of the problems people face, one by one across this country, with managed care when managed care organizations view health care as a function of someone's profit and loss statement.

Let me conclude by describing, as I have on previous occasions, an interesting front-page story in the New York Times about a woman who had suffered a severe brain injury and was being transported by ambulance to a hospital. She had the presence of mind, as her brain was swelling from this injury, to tell the ambulance driver she wanted to be transported to the hospital farthest away. She said this because she knew that the closer hospital, which was affiliated with her health care plan, had a reputation for treating emergency room care as a function of the bottom line. She wanted to go to an emergency room in which someone looked at her and did what needed to be done in every circumstance, against all odds, to save her life. She was fearful enough of going to a hospital where she would be viewed as a function of someone else's bottom line that she wanted to be transported to the hospital farther away.

That relates to this issue. Should health care that relates to a specific patient's condition be practiced in a doctor's office or a hospital, or should decisions about a patient's health care be made in an insurance office 2,400 miles away by some accountant? The American people understand what the answer to that question should be. The answer is embodied in a proposal called the Patients' Bill of Rights. That proposal has been introduced here in the Senate, and I hope very soon that we can bring a proposal of this type to the floor of the Senate and discuss these central questions about health care in this country.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KERREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998

The Senate continued with the consideration of the bill.

AMENDMENT NO. 2368

(Purpose: To amend the provision regarding offset of past-due legally enforceable State income tax obligations against overpayments to apply to debts for which an administrative hearing has determined an amount of State income tax to be due, and for other purposes)

Mr. KERREY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nebraska [Mr. KERREY], for Mr. GRASSLEY, for himself and Mr. KERREY, proposes an amendment numbered 2368.

Mr. KERREY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 386, lines 17 and 18, strike "return for such taxable year" and insert "Federal return for such taxable year of the overpayment".

On page 387, line 23, insert "by certified mail with return accept" after "notifies".

On page 388, strike lines 17 through 25, and insert the following:

"(A)(i) which resulted from—

"(I) a judgment rendered by a court of competent jurisdiction which has determined an amount of State income tax to be due, or

"(II) a determination after an administrative hearing which has determined an amount of State tax to be due, and

"(ii) which is no longer subject to judicial review, or

"(B) which resulted from a State income tax which has been assessed but not collected, the time for redetermination of which has expired, and which has not been delinquent for more than 10 years.

Mr. KERREY. Mr. President, this amendment offered by Senator GRASSLEY and I will fix a problem having to do with Federal tax refunds and State offsets. For those of us that have State income tax, there is a problem of some considerable proportion. I thank Chairman ROTH for being willing to work with Senator GRASSLEY and me on this one. There was confusion. We answered incorrectly when the chairman asked us about whether or not judicial judgments would solve this. I appreciate very much the chairman working with us to accept this amendment.

Mr. ROTH. Mr. President, I believe the amendment in its present form is satisfactory. I did initially have some serious concerns—some concern that an innocent taxpayer might find money owed him that would be offset by the State under situations where that would not be appropriate. But we have worked together and have come up with an amendment that takes care of that concern. The majority is willing to accept the proposed amendment.

Mr. KERREY. Mr. President, the distinguished Senator from Iowa, Senator GRASSLEY, is not on the floor, but I am certain he is going to want to speak on this. However, I think it will be fine if we urge adoption of the amendment at this time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2368) was agreed to.

Mr. ROTH. Mr. President, I move to reconsider the vote.

Mr. KERREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Ms. MIKULSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Ms. MIKULSKI. Mr. President, I rise in strong support of the IRS Reform and Modernization Act. It is now over six months since the House passed this reform measure. I am pleased that at last we are taking this bill up here in the Senate, and that we will be voting on this today.

Let me tell you why I think this bill is so important.

Others have spoken on the new projections that this bill will provide for taxpayers. I agree that they are very important.

As my colleagues have noted, this bill will provide taxpayers with important new rights and protections. It shifts the burden of proof in many tax court cases from the taxpayer to the Secretary of the Treasury. It gives taxpayers an expanded ability to recover costs if they win their cases. It protects "innocent spouses".

The bill also will help taxpayers by changing the framework for interest and penalties and improving due process in matters regarding audits and collections. These are all important reforms. They will help ensure fairness for taxpayers.

Mr. President, I really want to get to the heart of why I am for this bill.

First, the Senate should know that I am very, very proud of the fact that the IRS will have its headquarters in Maryland. I want to salute the devoted men and women at the IRS who have worked under a very difficult set of conditions. They have often worked under a lack of leadership and often with a lack of technology. I hope that as we move ahead with the IRS reform package, we really remember and reward the dedicated and faithful civil

servants who follow the laws that Congress passes.

I must tell why I am so enthusiastic about this bill. It provides not only a new legislative framework, but a new culture and a new attitude at the top that then says to the agent at the grassroots level what is expected of him. Let me tell you why I think this new culture and new attitude is so important. I believe there is no doubt that the IRS has engaged in many inappropriate management practices. I know from my conversations with Maryland constituents that too many of them have been outright harassed by the IRS.

I want to talk about two constituencies: the veterans of the State of Maryland and the firefighters in Frederick County. I think it is outrageous that IRS singled out these veterans of Maryland, and actually even stalked them over what they were doing in their VFW halls and their American Legion posts. The IRS wanted to penalize them because they had a little beer and a little bingo on a Friday night.

Over the past several years IRS has targeted a number of veterans posts in Maryland. Veterans of Foreign Wars and American Legion posts have been subjected to audits, harassment and threats. What is their crime? They sell drinks and food to their post members and their guests; a little bingo and a little beer and a lot of IRS. Let me tell you, that has got to end.

Every member of this Senate has veterans' posts in their state. We know that these neighborhood meeting places offer veterans a place for fellowship, entertainment and an affordable meal for their families and friends. The IRS believes that posts should have to pay taxes on these sales. Maryland veterans' posts report that IRS has confiscated their sign-in books. People have been subpoenaed. One post, the Dundalk post in the State of Maryland, was even threatened the loss of their nonprofit status.

Ladies and gentlemen of the Senate, these are the men and women who fought to save America, and I am willing to stand up today to save America's veterans from the Internal Revenue Service. And that is why I am going to be an enthusiastic voter for the final passage of this bill.

What did our veterans have to do? They had to hire attorneys, they had to hire CPAs. Amazingly, the American Legion was told by the IRS they could not use post funds to provide this legal help. Then instead of offering to work cooperatively with the post to help them come into compliance, the IRS went after them in the most heavy-handed manner. They also said, "If you go to any Member of your Congress, we will get you." I am not out to get anybody. But what I am here to be sure of is that our Tax Code is a workable one and that the people who work at IRS follow the law.

Let me give you another example—our volunteer firefighters. Underline that, Mr. President. Volunteer firefighters, who put themselves, their lives on the line to save us and our families.

One of the ways that they get money to be able to purchase a firetruck or other equipment is something called a tip jar. It is just a big glass jar which they have in taverns or other places; voluntary contributions to help a volunteer fire department. But, oh, no. Along comes the IRS and says even though you risk your lives, even though you do not have the backing of big city technology, we are going to make sure we are going to tax you for what you have done.

To help the firefighters, the Frederick County Commissioners passed a local gaming law making it legal and less bureaucratic for the fire company to have tip jars in local taverns. The new law eliminated the need for the county tax processors to get involved in a voluntary philanthropic activity. But, no, the IRS had other ideas. They had to come after our firefighters. They audited the fire company. They informed the volunteers that they owed $29,000 in back Federal taxes because the money was not funneled through some local tax authority.

What comes next? Are they going to be after the Girl Scouts when they sell their cookies?

I believe an agency culture that identifies America's veterans and America's volunteer firefighters as the enemy is a culture in desperate need of change.

So that is why this bill is important. I believe that we are not only changing the law, but it will change the culture of IRS.

The Oversight Board this bill provides will work to ensure the best use of agency resources. It will help the IRS focus its priorities where they should be—stopping flagrant tax cheats and tax evaders, not going after veterans and volunteers who have made innocent mistakes.

The National Taxpayer Advocate, and the system of local taxpayers advocates will help these groups navigate their way through an often intimidating and complex dispute resolution process. The special customer group dedicated to working with members of the tax-exempt sector will also be a big help. This division will be able to work with the non-profits to ensure they understand their responsibilities under the law, and to help them comply.

Mr. President, before closing, I want to pay tribute to the devoted men and women who work at the IRS, often under difficult circumstances, inadequate and dated technology, and often poor leadership or supervision. I believe this bill will help them too. They have chosen to devote their careers to our government and to public service. They receive little recognition and little thanks. I want them to know I value their work. And I am delighted that the Oversight Board will include an employee representative. No one knows more about how to change the culture of the IRS than the employees themselves. This bill recognizes the importance of ensuring that they have a place at the table.

I do want the IRS to focus on collecting the taxes in the most efficient way, and I want them to go after tax cheats, tax evaders, and drug dealers so that we can use the IRS to stop real crime in our country. There is no crime going on in the VFW or in the volunteer fire companies of America.

I know this bill and hopefully now the new Commissioner will interact with different customer groups by working with them in a different type of way.

I look forward to the fact that with the new leadership and the new legislation that we will really back the dedicated civil servants with this new framework and that we will be able to help them. But today I vote for reform of IRS. I stand here on the Senate floor in my own modest way to fight as hard for the veterans as they have fought for us and to stand up for protecting our volunteer firefighters.

Certainly in the United States of America a little beer and a little bingo should not be penalized.

Mr. President, I yield the floor.

Mr. FEINGOLD addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. Thank you, Mr. President.

Mr. FEINGOLD. Mr. President, as we approach so-called Tax Freedom Day, I rise to offer some comments about the IRS Reform measure before us, and to address some more general issues on the state of our tax code.

Mr. President, let me begin by especially commending the senior Senator from Nebraska, Mr. KERREY, for his efforts to bring IRS reform before the body. His long involvement in this issue, and his unflagging efforts to bring these reforms before us deserve our highest praise.

This bill is very much the product of Senator KERREY's work, and American taxpayers are fortunate to have his gifted advocacy.

Mr. President, there are many significant reforms included in the bill before us, but one that I was especially interested to see included mirrors legislation I was pleased to join in introducing with the senior Senator from Vermont (Mr. LEAHY).

Our measure would extend the protections of the Equal Access to Justice Act to taxpayers who have had actions brought against them by the IRS.

Mr. President, for those who are not familiar with this important Act, it was established in response to the dilemma individuals and small businesses face when the government

brings an unjustified action against them that may be relatively expensive to contest.

Even though they may feel very strongly that they are right and they did nothing wrong, they feel they cannot pay the costs associated with it.

Too often, an individual or a small business may feel forced to forgo contesting the government's action, feeling that any potential fine or forfeiture would be less expensive than the cost of fighting the government in court.

Mr. President, I saw this long before I entered the political world as an attorney representing small business people who faced this frustration and feeling that they really couldn't fight the Government in these cases because of the problems with fines, and especially attorneys' fees.

Under the Equal Access to Justice Act, those individuals and small businesses are entitled to recover their court costs if they are successful in fighting the government action.

Mr. President, as a member of the Wisconsin State Senate, I worked to establish an Equal Access to Justice law for Wisconsin, and since coming to this body, I have offered measures to further strengthen the Federal law in this regard.

This bill, the IRS bill, is a golden opportunity for us to improve this law by including in large part the provisions of the bill Senator LEAHY and I introduced that would make the IRS have to play by these rules as well.

I also want to thank the managers of the bill for accepting the amendment my colleague from Wisconsin, Senator KOHL, and I offered regarding the equal employment opportunity problems that were brought to our attention by IRS employees in Wisconsin.

This matter came to the attention of the Finance Committee at a recent hearing, and I very much hope the action we are taking in this legislation will help resolve those problems.

Mr. President, the IRS reform bill before us is by and large a good response to many of the problems with our current tax collection system. The tax collection system is a vitally important issue, and it certainly contributes to the larger issue surrounding the Tax Code itself. Of course, the problems with the Tax Code are likely to be much thornier to address, and as we approach what has been called Tax Freedom Day, I want to offer a few comments on the challenges we face in taking the next step beyond this bill in reforming the Tax Code itself.

We have all heard about this Tax Freedom Day. There is some dispute about when it really is, but it is supposed to be the day by which we have worked enough to pay our taxes for the year. The Tax Foundation maintains that the date is May 10. Other organizations question that and point to other dates. One says Tax Freedom Day is really April 22. Looking just at the Federal personal income tax, some say Tax Freedom Day for the typical taxpayer is really January 20. So it may be interesting to examine all of these estimates and compare the differences in the way we calculate Tax Freedom Day. But without trying to argue which day is the right day, I think we can at least agree there probably is not anyone who, if told their own tax freedom day was this Sunday, wouldn't prefer that it was Saturday instead. No one likes to pay taxes and everyone would like to pay less than they do now. For most people this would be a key part of tax reform, and I think they are right.

Although we may not be voting on a significant overhaul of the Tax Code this year, I really hope that serious debate of various tax reform proposals can begin. This was something that was identified as one of the very top four or five priorities after the 1994 election, to have a debate about tax reform. But we have never had that debate over the past 4 years. The work that has gone into the IRS reform bill, and especially the leadership of Senator KERREY, shows how much can be done if this body actually works toward reform. And I think the same would be true if we really dedicated ourselves to tax reform legislation.

While we may not be voting on tax reform this year, we are certainly likely to be taking actions, including apparently passing tax bills, that will have a direct bearing on tax reform when it does finally come before us.

With this in mind as we take actions that are likely to have this downstream effect on tax reform, I hope we keep various principles in mind. We should promote equity and fairness; we should resist complexity; and we should insist on fiscal responsibility.

An aspect of the current Tax Code that really strains each of these principles, and which contributes to our having a later Tax Freedom Day for most of us, is, in fact, the huge number of special interest provisions that appear throughout the Tax Code. It is riddled with them. These provisions, often called tax expenditures, have been enacted over the years to help specific groups of taxpayers but they have come at a cost. They come at a cost of lost revenue, and that ends up being a burden that other taxpayers are left to bear through higher taxes.

While some tax expenditures are justified, many are not. And they can combine to produce significant tax avoidance by some of the biggest and most profitable financial interests in the world.

One example related to me recently concerned one of our largest automakers, a firm that is obviously one of the largest and most successful corporations in our Nation's history. This enormous corporation reportedly had billions in U.S. profits for 1995 and 1996. But they didn't pay one penny of Federal income tax. In fact, they actually got refunds totaling over $1 billion. In a case like this, for a company like this, Tax Freedom Day isn't in May or April or March or even January 1. It must be last December because they were getting a refund. That is a real freedom from taxation.

This kind of special treatment is, unfortunately, all too common, and while Tax Freedom Day may not be in the previous tax year for all of these interests as in the example I gave, it is certainly the case that while many of us have to work until the flowers are blooming to pay our taxes for the year, many special interests get their tax freedom at least by Groundhog Day. Thousands and thousands of interests have been able to slip special provisions into the Tax Code over the years, increasing the tax burden for the rest of us and further complicating the Tax Code.

I am sorry to say that in the past few years Congress has not stopped this trend. It has not slowed this trend. Congress has continued down this path. On an almost annual basis, Congress passes more and more of these special provisions. And these special provisions not only add to the Tax Code's complexity while shifting a greater tax burden on the rest of us, they actually also undermine our ability to get to that genuine tax reform that all of us are talking about. Again, sorry to say, although I believe it is correct, last year's so-called tax cut bill was a prime example of this sort of abuse.

First and foremost, it was premature. It was not fiscally responsible. Despite all of our recent good economic news and the windfalls to the Government's bottom line, according to the most recent CBO estimate, we are still nearly $100 billion short of a truly balanced budget. We have not balanced our books, unless you are somehow willing to again and again, as has been done for far too many years, use the Social Security trust fund balances to, in effect, mask the currently existing deficit. The real budget is still in deficit, and last year's tax cut bill has made it harder to finish our most important task, and that is to actually balance the Federal budget.

Making matters worse, the cost of that tax bill was heavily back loaded, putting even more pressure on our budget just when the baby boomers begin to retire. That tax bill, of course, added even more layers of complexity to a Tax Code that was already thick with it, and that complexity was not only to the entire code, it reached down to the level of the individual taxpayer. Anyone who had to fill out some of the tax forms that were changed because of the 1997 tax bill knows just how much more complex taxes became because of last year's legislation.

Mr. President, I use last year's tax bill as an example only because I want to make the point that these problems not only are reason to fault that specific legislation, they also, again, undermine our ability to get anywhere near genuine tax reform. Tax reform inevitably creates winners and losers. But we have a better chance of enacting reform if at the time of doing the reform we can increase the number of winners and decrease the number of losers by cutting taxes at the same time that you enact reform. Do not do the complex and all the things that mess it up first and then expect the resources to be available when we have to do tax reform. We have to link the effort to simplify the Tax Code and give some people tax relief.

Simply put, if you could lower taxes while you reformed the code, you sure would have a better chance of enacting real reform. Unfortunately, what last year's tax bill did was commit hundreds of billions of dollars that could have gone to help us achieve true tax reform. It also, unfortunately, created several new classes of winners under the current system, groups that will benefit from the specific provisions in the bill. Why do I say "unfortunately"? Because these winners, and these winners were only a very few among us—there were far more losers than winners—these few winners now have a bigger stake in the current tax system and they will now be less likely to want to give up their gains or will again require greater tax cuts to allow us to move to a new system. We keep creating our own inertia against reform by giving out more of these tax break goodies. And, as the history of our Tax Code has shown, special tax provisions lead to even more special tax provisions.

So, as we approach what I hope is a real effort to achieve significant tax reform, and as we consider those tax bills that will work their way to us prior to that larger debate, I hope we will, again, keep three principles in mind: We should use our Tax Code to promote equity and fairness, we should resist complexity in the Tax Code, and we should insist on fiscal responsibility when we are taking actions with respect to the Tax Code. Adhering to these three principles will not only result in better tax bills, it will also pave the way for truly significant tax reform, tax reform that will move Tax Freedom Day back for all American families.

I yield the floor.

The PRESIDING OFFICER (Mr. DEWINE). The Senator from Nebraska.

Mr. KERREY. Mr. President, in response to the statement of the distinguished Senator from Wisconsin, might I say, first of all, I appreciate very much his constructive involvement in this legislation, improving it and making it a better piece of legislation. The Senator's voice was heard by the Finance Committee on several key points.

I would like to give some additional information that my colleague probably already has, so I am being redundant about it, on this issue of tax simplification. Today, it is estimated that taxpayers spend about—somewhere, actually, between $70 billion and $100 billion to comply with the Tax Code, $70 to $100 billion a year to comply with the Tax Code. The IRS budget is about $7 billion, so we spend about $7 billion on the IRS to have them collect our taxes.

There is another side to the coin of this complexity. Again, I don't want to revisit this education IRA that just passed on the Senate floor; I don't want to argue that specific objective. But, in order to implement that, the other side of the coin is, the IRS actually becomes more invasive. So a lot of the horror stories that we have heard came as a consequence of the IRS insisting that the taxpayer do X, Y, and Z. They are insisting that they do X, Y, and Z because we passed a law here that will require it, a specific one, which is the 64th change in the tax law since 1986—64 times. Last year, after the Balanced Budget Act of 1997—ask anybody what schedule D looks like out there in the country as to capital gains and they will tell you how complicated and how costly and how difficult it is to comply.

On the education piece, the IRS, in order to make certain that the taxpayer is following the law, will have to insist that the taxpayer produce documents, insist the taxpayer produce receipts to be able to demonstrate that the expenditures are going to education-related purposes; not only education-related purposes, but purposes that have been required by the school in which the child is enrolled. It is going to be a very difficult set of compliance requirements, A, that the taxpayer is going to have to do, and that the IRS is going to have to make certain the taxpayer has done in order to make certain that they qualify for this tax credit. In addition to the cost, anywhere from $70 to $100 billion annually the taxpayers spend to comply, in addition to that, there is the other side of the coin, which is the IRS. As a consequence of us using income as a basis of determining what the tax is going to be, the IRS has to come out and request the receipts and the documentation and all sorts of other things. That produces the invasive mood that many people on this floor have talked about over and over and over as one of the problems with the IRS.

So I would just say to the Senator from Wisconsin, he is dead right; the next debate has to be, How do we organize this Tax Code to begin with? I am excited that some of the provisions the Senator has added to this bill will increase the likelihood that this debate will go forward. The Taxpayer Advocate that is in title I is going to change the dynamic, because not only are they a Taxpayer Advocate, they are a National Taxpayer Advocate and they will have a tremendous amount of independence. They will be a National Taxpayer Advocate in the State of Wisconsin, of Nebraska, of Ohio. They will have a separate phone number, a separate fax; they will not be operated by the IRS, they will be independent. They are told by this law that they are to come back to this Congress and say: "Here are items that are repetitive problems with the taxpayer, causing us problems every single year, and they are part of the law. We recommend you change the law."

Second, as the Senator from Wisconsin knows, because he strengthened the provision, the Commissioner of the IRS will be at the table when tax laws are written. Unlike the education IRA, unlike the Balanced Budget Act last year, where the tax commissioner is silent—the best test of this is, ask yourself, when is the last time you heard an IRS Commissioner say, "Mr. President that's a great tax idea but here's what it's going to cost the taxpayers to collect"? When is the last time you heard the tax commissioner say, "Senator Blowhard, that's a great tax idea, but here is what it's going to cost the taxpayers to comply"?

We, under this law, say to the Commissioner, you are empowered to tell the American people and to tell us what it is going to cost and we, as well, require, as a result of the simplicity index, some kind of evaluation, as we do with regulation, as we do with all regulation—some kind of evaluation to inform the Congress as to the cost to comply.

Last, I would say one of the reasons that I felt very strongly about having an employee representative on this board is that the Commissioner is granted, under this legislation, the authority—indeed, directed—to reorganize the IRS along functional lines. I can tell you, of all the things in this bill, I would put that in the top five things that I think taxpayers will notice immediately. Today, what you have is a three-tiered system: National, regional, and district organization. It is very complicated and very difficult for the taxpayer to figure out how this organization occurs. Under the new organization, what you will have is taxpayers organized by category: Individual payers, small business, large business, and nonprofit, all with special problems, all with different needs. The Commissioner has already said that he intends to follow up on some of the suggestions the National Restructuring Commission made, which is that it may be that for both the individual and especially small business, there will be entire categories where the

Commissioner will say: "The small business community spends $2 billion a year complying with this particular provision of the code. We generate, with $2 billion worth of cost, nothing. All we have is cost. There is no revenue coming in. We recommend that large categories of people actually be exempt from having to go through all the compliance requirements."

I believe what you will see as a consequence of this is a lot of exciting changes being proposed by the Commissioner of the IRS to this Congress that will enable the taxpayer, with its individual small business, large business, or nonprofit, to say, "I still may not like paying my taxes. I still may think they are too high. But it has gotten a heck of a lot easier. You have gotten rid of some of the things that don't make any sense at all." As a consequence, the customer satisfaction is going to increase.

So I applaud the distinguished Senator from Wisconsin. His amendments, his suggestions, his input have improved this bill. And I especially point out that he is right on target, talking about simplification. Not only is there a cost but there is also an invasion that occurs as a consequence of the complexity of the code.

Mr. President, I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I have two amendments that I understand are going to be acceptable, but they are being drafted in a manner to comply with the wishes of the committee. I will refer to the two. Then I understand that, in due course, the chairman and ranking member will be introducing amendments and mine will go in as one of their en bloc amendments, but I will have spoken to two of them for just a minute, and then for a couple of minutes on the overall bill.

The first one of my amendments is cosponsored by Senator D'AMATO and Senator MCCAIN and anybody else who would like to join. I welcome them cosponsoring it. The IRS already provides forms and instructions in the Spanish language. I commend them for that. Obviously, we are now being told that, while the Hispanic population in America is very large, it will soon be the largest minority by far. And by middle of the next century, one out of every four Americans will be of Hispanic origin—which will be the largest by far.

This first amendment, that is currently sponsored by Senators D'AMATO and MCCAIN, would have the telephone help line mandated to provide communications in Spanish to those who can more easily communicate in Spanish.

I indicated that we already have forms in Spanish. I am for English-plus, in America, which is English—clearly, we should all learn, but I think that instead of talking about English only, we should talk about plusing it up with other languages. That would mean that English and Spanish would be very much appreciated and used in many parts of the country as we educate our young people.

That is one of the amendments. I understand neither the floor manager nor the minority opposes this amendment. Again, I ask if anyone would like to join in cosponsoring that amendment. It is going to be offered by the floor manager as one of the en bloc amendments in the not-too-distant future here on the floor.

Second, I don't know how many Senators have participated in making enough of their own telephone calls these days to find that large institutions have an automated system when you call.

Let's say you want to call, I say to the occupant of the Chair, Sears and Roebuck. Understand, it used to be 25 years ago you would call up and say, "I'd like the sporting department." They would say, "Just a moment, sir." And the next person answering would be somebody in the sporting department.

If you made that phone call today, the answering voice would likely be a recording. "If you want somebody in the merchandising, punch 1. If you want somebody in"—this area—"punch 2." And when they get on, they say, "If you are looking for this department"—or that department—"punch 4."

The IRS has a similar system. If you want information on withholding press 1; If you want information about filing separately press two; If you want information about the new child credit press three. Too often, unfortunately, there isn't a number to press for the question you want answered. My amendment would correct that problem.

I am told as of yesterday in the State of New Mexico, my home State, if you are trying to get a voice to respond to you, believe it or not, in the State of New Mexico, if you want a voice to answer you at the IRS, it now takes 45 minutes for that event to occur. That means you are going through telephones one after the other: Punch this one, then you wait and you tell them what you want; punch another one.

All this amendment says is, if you are going to have these automated lines with press 1, press 2, press 3, you have to have one early on in the numbering system that says, "Press if you want to speak to a person who can either answer your question or direct you to a person who can."

I think the American people calling the IRS would be thrilled to death if sooner, rather than later, it did not take you 45 minutes of going through the press 1, press 3, press 28, and you could press something that would give you a live IRS person to talk to you. That is the second amendment.

It is obvious to me that this bill is telling the IRS how to manage things, but it is pretty obvious that those of us who have constituents and go home and ask our office staff what the constituents are saying, they are saying the kind of things that I am telling Senators right now really bug them.

They lose hope when they are 35 minutes on the line and haven't gotten a person yet, so they hang up. I don't think we want that. That isn't good government.

I am hopeful that the new management and the person in charge, who is a manager and businessman, will not see this as trying to micromanage, but sees it is obviously as something they ought to be doing. I don't want to take a chance and not put it in this bill and, in 4 years, when we have oversight, find we are still where we are.

These two amendments, in addition to those other provisions crafted by the committee make up a good bill. The Committee incorporated a number of the recommendations that came from our State as I went through my offices asking what kind of things were not working in dealing with the IRS.

Having said that, I would like to speak for a few moments on the bill.

There are more than 168 ways that this bill makes the IRS more service oriented, and taxpayer friendly. It cracks down on abuses highlighted in the hearings. It corrects some problems called to my attention by constituents. Chairman ROTH and the Finance Committee should be commended for the fine job they did on this bill.

Often when we pass legislation, I ask the question: Who cares?

I can assure you that this is one piece of legislation that everyone cares about. No agency touches more Americans than the IRS. Yet one out of two Americans said they would rather be mugged than be audited by the IRS. This bill should reverse that prevailing view.

Among the key provisions the bill strives for better management; better use of technology; reinstatment of a checks and balances system so that the IRS will no longer be the judge, jury and excutioner; discipline for rogue IRS agents; taxpayer protections including the right to a speedier resolution of a dispute with the IRS; fundamental due process and a long overdue reorganization. Hopefully, these reforms will change the environment and change the culture at the IRS.

The bill prohibits the IRS from contacting taxpayers directly if they are represented by a lawyer or an accountant. The IRS called this practice of bypassing the tax professional and visiting the taxpayer at work or at dinner "aggressive collection" techniques, my constituents called it harrassment.

The bill attempts to make the IRS employees more accountable for their actions by putting their jobs on the

line when they deal abusively with taxpayers.

The bill requires the IRS to terminate an employee if any of the following conduct relating to the employees official duties is proven in a final administrative or judicial determination:

Failure to obtain the required appproval signatures on documents authorizing the seizure of a taxpayer's home, personal belongings, or business assets.

Falsifying or destroying documents to conceal mistakes made by the employee with respect to a matter involving a taxpayer.

Assault or battery on a taxpayer or other IRS employee.

Under the bill, the IRS will no longer be allowed to send out tax bills with huge penalties compounded with interest and cascading penalties just because the IRS was years behind in its work.

If the IRS does not provide a notice of additional taxes due (a deficiency) within 1 year after a return is timely filed, then interest and penalities will not start to be assessed and compounded until 21 days after demand for payment is made by the IRS. (This excludes penalties for failure to file, failure to pay, and fraud) It isn't fair for the IRS to wait years before contacting a taxpayer who honestly believes he has paid the correct amount, only to deliver to him years later a tax bill with interest and penalites that dwarfs the original underpayment. I had a constituent who was told he owed an additional dollar—one dollar—in taxes but owed more than $2,500 in penalties and interest! The IRS agent's response when asked about it was, "Well, I guess we gotch ya good."

Small businesses have been the target of some of the worst abuses. I will always remember the day a good friend, a restaurant owner in New Mexico called my office, justifiably hysterical. The IRS had just padlocked her restaurant! What was she to do? What could I do?

This bill codifies the proposition that all men and women, even if they work for the IRS, shall follow fundamental due process requirements. Padlocks and raids should be a last resort under this bill.

The bill requires the IRS to provide notice to taxpayers 30 days (90 days in the case of life insurance) before the IRS files a notice of Federal tax lien, levies, or seizes a taxpayer's property.

The bill gives taxpayers 30 days to request a hearing. No collection activity would be allowed until after the hearing.

The bill requires IRS to notify taxpayers before the IRS contacts or summons customers, vendors, and neighbors and other third parties.

The bill requires the IRS to implement a review process under which liens, levies, and seizures would be approved by a supervisor, who would review the taxpayer's information, verify that a balance is due, and affirm that a lien, levy, or seizure is appropriate under the circumstances.

The bill requires the IRS to provide an accounting and receipt to a taxpayer including the amount credited to the taxpayer's account when the IRS seizes and sells the taxpayer's property. It seemed ironic that an agency that requires a receipt if a taxpayer is claiming a $5 business lunch wouldn't provide a receipt to a taxpyaer when it seized and sold all of a taxpayer's earthly belongings.

The bill legislates common sense. It prohibits the IRS from seizing a personal residence to satisfy unpaid liabilities less than $5,000, and provides that a principal residence or business property should be seized as a last resort.

In addition, the bill expands the attorney client privilege to acountants and other tax practioners.

Under this bill, the IRS could no longer insist that a taxpayer waive his rights. In particular, the IRS could no longer insist that a taxpayer waive the statute of limitations before the IRS would settle a case. The bill requires the IRS to provide taxpayers with a notice of their rights regarding the waiver of the statute of limitations on assessment.

The bill makes it easier for a taxpayer to settle his or her liability with the IRS.

If the IRS cannot locate the taxpayer's file, the bill prohibits the IRS from rejecting the taxpayer's offer-in-compromise based upon doubt as to the taxpayer's liability. I have known constitutents who are left in an IRS twilight zone because the IRS lost their file. I know of one constitutent who had his file lost five times. Fortunately, he kept a copy of the file himself, and worked next door to a Kinko's copying center.

This bill allows for a prevailing taxpayer to be reimbursed for his or her costs and attorney's fees if the IRS is found not to be "substantially justified." The substantially justified standard is consistent with the little-guy-can-fight-the-federal-government-and-win philosophy. I am glad this standard is being expanded, and incorporated into this bill. Originally, the notion that a citizen should be able to recoup attorney's fees and costs when the federal government was not substantially justified was a concept in the Equal Access to Justice Act which I authored in the early 1980s. It is historically interesting to note, and perhaps prophetic, that the IRS lobbyied very hard to be exempt from that law. In fact, the IRS was exempt when the bill was first enacted. When the Equal Access to Justice was reauthorized five years later, Senator GRASSLEY and I worked to include the IRS. It was a big fight but Congress prevailed and got the IRS under the Equal Access to Justice Act's umbrella. The federal government with its deep pockets shouldn't be allowed to simply "outlast" the average American taxpayer. That isn't what our justice system is about.

The bill also clarifies that attorney fees may be recovered in a civil action in which the U.S. is a party for unauthorized browsing or disclosure of taxpayer information. I have heard a lot about this abuse both from constituents and from the witnesses in the Campaign Finance investigation.

If a taxpayer makes an offer to settle his or her tax bill and the IRS rejects it and the IRS ultimately obtains a judgment against the taxpayer in the amount equal to, or less than the amount of the taxpayer's statutory offer, the IRS must pay the taxpayer's fees and costs incurred from the date of the statutory offer. I am pleased this provision is included in this bill. The offer and settlement provisions are patterned after the Securities Litigation Reform bill which Senator DODD and I authored last Congress.

I can't believe we have to pass a federal statute to accomplish this next task but apparently we do.

The bill requires all IRS notices and correspondence to include the name, phone number and address of an IRS employee the taxpayer should contact regarding the notice. To the extent practicable and if advantageous to the taxpayer, one IRS employee should be assigned to handle a matter until resolved.

In New Mexico, a notice can come from the Albuquerque, Dallas, Phoenix, or Ogden IRS center. Taxpayers are often left with no option but to contact my office asking for help in simply identifying who they should talk to at the IRS to settle their tax matter. The caseworkers are experts, but it would take them two days to track down the right IRS office so that the constituent could try and solve their problem. It was so commonly befuddling to constituents that my caseworkers asked that this identification provision be included in this bill.

Movie stars, rock singers and hermits like, and need unlisted phone numbers. The same is not true for federal agencies. The bill also requires the IRS to publish their phone number in the phone book along with the address. We have a beautiful new IRS building in Albuqueruque, but the only phone number for the IRS is the toll free number that is too frequently busy. If you didn't know the IRS building in Albuquerque existed, you wouldn't find a clue of its location in the telephone book.

We experienced a lot of complaints about the IRS toll free numbers. I am glad that an amendment that I authored to this bill includes a provision

requiring that automated phone lines include the option to talk to a real, knowledgable person who can answer the taxpayers' questions. This would be an option in addition to merely listening to a recorded message.

I am pleased that the Senate was willing to accept a Domenici amendment, cosponsored by Mr. D'AMATO and Mr. MCCAIN that requires IRS helplines to include the capability for taxpayers to have their questions answered in Spanish.

In addition, the bill establishes a toll free number for taxpayers to register complaints of misconduct by IRS employees and publish the number.

The bill requires the IRS to place a priority on employee training and adequately fund employee training programs. The IRS is making progress. The accuracy of the advice that taxpayers received when they called the IRS was very bad. For example, in 1989, the advice was correct only 67 percent of the time. The accuracy has fortunately improved. Training is the key.

The bill requires the Treasury to make matching grants for the development expansion or continuation of certain low-income taxpayer clinics.

The bill requires at least one local taxpayer advocate in each state who has the authority to issue "Taxpayer Assistance Order" when the taxpayer Advocate believes it is appropriate.

Mr. President, many, in fact most, IRS employees work very hard and do a good job. Perhaps the best way to reform the IRS is to reform the code to make it simpler. The doubling from $100 billion to $195 billion of the tax gap—the difference between the amount of taxes owed and the amount actually paid—is evidence that the system is breaking down.

The last point I would like to make is that I was going to offer an amendment to provide for a biennial budget and appropriations cycle because if Congress took this step, it would give us more time to do adequate and more aggressive oversight. If we had biennial budgeting the Finance Committee would have more time to focus on keeping an eye on the IRS. Senator MOYNIHAN is a distinguished student of history and he told the Senate that the IRS was created in 1862, but it wasn't until 1997 that the full Finance Committee exercised its oversight jurisdiction. Other committees could, likewise, exercise better oversight of all federal agencies if we had biennial budgeting. We would have better run programs and an opportunity for a truly more efficient federal government.

The Majority Leader has agreed to schedule time for the Senate to debate this bill in the near future. I am pleased that we were able to reach that agreement. Thank you Mr. President.

I yield the floor.

Mr. GRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

AMENDMENT NO. 2369

(Purpose: To clarify the actual knowledge standard of the innocent spouse provision)

Mr. GRAHAM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Florida [Mr. GRAHAM], for himself, Mr. D'AMATO and Mrs. FEINSTEIN, proposes an amendment numbered 2369.

Mr. GRAHAM. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 293, strike lines 3 through 10, and insert:

"(C) ELECTION NOT VALID WITH RESPECT TO CERTAIN DEFICIENCIES.—If the Secretary demonstrates that an individual making an election under this section had actual knowledge, at the time such individual signed the return, of any item giving rise to a deficiency (or portion thereof) which is not allocable to such individual under subsection (c), such election shall not apply to such deficiency (or portion). This subparagraph shall not apply where the individual with actual knowledge establishes that such individual signed the return under duress.

Mr. GRAHAM. Mr. President, the amendment that I am offering, joined by our colleagues, Senator D'AMATO and Senator FEINSTEIN, makes two modifications to the innocent spouse provision which is in this legislation.

Background: Under the current tax law, if a husband and wife jointly sign a return, they are jointly responsible for any deficiency that might subsequently be found to have been the result of that filing.

A typical case is that after a husband and wife have had marital discord and are divorced, the husband may have left town and is difficult to find, the IRS locates the custodial parent, typically the wife, who is more easily accessible, and then she becomes responsible for 100 percent of the tax deficiency that was the result of a filing while the marriage was in place.

Under the current law, there is a provision called "innocent spouse" in which a spouse can theoretically avoid that responsibility. I emphasize the word "theoretically," because the testimony we heard before the Finance Committee was that it is virtually impossible for the standards of that innocent spouse provision to be met and that, in fact, there are some 50,000 women, generally ex-spouses, who are caught up in this 100-percent responsibility for a tax return.

In the Finance Committee hearings, we were impressed with a recommendation made by the American Bar Association as to a different approach to this issue. That approach was essentially an accounting approach which said that instead of using joint and several responsibility, it would be an individual responsibility.

If, for instance, the husband was responsible for 60 percent of the income, which went into the tax return, and the wife, 40 percent, then those percentages would define responsibility in a subsequent deficiency.

That basic approach was adopted by the Finance Committee, but there were some exceptions to that filing for proportional responsibility. The primary exception was that if the Secretary of the Treasury could demonstrate—and the burden is on the Secretary of the Treasury to demonstrate—that an individual making this election to be taxed only for their proportional share of the deficiency of the return, that if they had actual knowledge of the conditions within that return which led to this deficiency, then they would be 100 percent responsible. So actual knowledge would override the ability to elect only partial responsibility.

This amendment makes two modifications to that provision. The first is the question of when is that knowledge relevant. The language that we are inserting into the legislation which is currently before the Senate is that the actual knowledge has to be "at the time such individual"—that is, the individual who is seeking to pay only a proportionate share of a deficiency—"signed the return." So the key question is what did you know at the time you signed the return.

The second issue is an unfortunate reality where we had testimony that some spouses signed the joint return, and may even have had actual knowledge of its contents, but did so under duress, including under physical duress. So we have provided a second provision which says that even if you had actual knowledge at the time you signed the return, that you would not be denied the right to apply for this proportioning of responsibility if you, the individual, can establish that the return was signed under duress.

The burden of proof is on the taxpayer to establish that even though they had actual knowledge of the circumstances in the return that led to the deficiency, but still want to secure the benefits of less than joint and several responsibility, because they were under duress, coerced into signing, it is their responsibility to carry the burden of proof that, in fact, those circumstances existed.

Mr. President, I apologize for having taken the time of the Senate, but I thought it was important since this is a very significant part of the provision of taxpayer relief which is in this legislation. And it is a fairly expensive provision in terms of the potential for lost revenue. But that expense is one that we believe is a just expense because it

will lift from the responsibility of taxpayers who were ignorant of circumstances but were entrapped by conditions that were often beyond their control and certainly beyond their knowledge and in some cases the result of actual duress and coercion, that we should recognize that and not require them to be responsible for more than their proportional share of the deficiency.

So, Mr. President, I appreciate the joinder in this amendment by Senator D'AMATO and Senator FEINSTEIN and ask for the amendment's immediate consideration.

Mr. D'AMATO. Mr. President I am pleased to join my colleague Senator GRAHAM on this very important amendment.

Senator GRAHAM and I recently introduced S. 1682, the Innocent Spouse Tax Relief Act of 1998, to bring long overdue relief to innocent spouses, predominately women, who become responsible for the tax liabilities of their spouses merely because they happened to sign a joint return.

I am pleased that the distinguished Chairman of the Finance Committee agrees that the current law innocent spouse provisions are weak at best, and needs dramatic change. I commend him for his leadership in making that change.

There were concerns, and rightly so, that some taxpayers may try to abuse the innocent spouse rules by knowingly signing false returns, or transferring assets for the purpose of avoiding the payment of tax, and then claim to be innocent. Obviously, no one would want to open the door to that type of fraud. As such, language was included in the bill that would prevent an individual from electing the innocent spouse provision if they had "actual knowledge of any item giving rise to a deficiency."

However, this language raised concern for Senator GRAHAM and myself because the IRS or the courts could deny relief to an innocent spouse simply because he or she had "actual knowledge" after the fact.

Our amendment will correct what would have been an unintended consequence. It will clarify that the "actual knowledge" standard be based on knowledge of an item at the time the return was signed, and that it was not signed under duress.

I urge my colleagues to vote for this amendment and provide relief to the 50,000 innocent spouses each year who are unfairly pursued by the IRS.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER (Mr. SESSIONS). The Senator from Delaware.

Mr. ROTH. I say to my distinguished friend from Florida that his amendment has been cleared on both sides of the aisle. Accordingly, I urge its adoption.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. CONRAD. Mr. President, I just say, we see this amendment as valuable on this side, as well. And we have no objection to it.

The PRESIDING OFFICER. If there is no further debate, without objection, the amendment is agreed to.

The amendment (No. 2369) was agreed to.

Mr. GRAHAM. I move to reconsider the vote.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRAHAM. Thank you, Mr. President.

AMENDMENTS NOS. 2370 AND 2371, EN BLOC

Mr. ROTH. Mr. President, I send two amendments to the desk and ask unanimous consent that they be considered en bloc.

The PRESIDING OFFICER. Without objection, they will be considered en bloc. The clerk will report.

The legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH] proposes amendments numbered 2370 and 2371, en bloc.

Mr. ROTH. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments (Nos. 2370 and 2371), en bloc, are as follows:

AMENDMENT NO. 2370

(Purpose: To require on all IRS telephone helplines an option for questions to be answered in Spanish)

On page 381, after line 25, insert:

(c) TELEPHONE HELPLINE OPTIONS.—The Secretary of the Treasury or the Secretary's delegate shall provide on all telephone helplines of the Internal Revenue Service an option for any taxpayer questions to be answered in Spanish.

On page 382, strike lines 1 and 2, and insert:

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, this section shall take effect 60 days after the date of the enactment of this Act.

(2) SUBSECTION (C).—Subsection (c) shall take effect on January 1, 2000.

AMENDMENT NO. 2371

(Purpose: To require on all IRS telephone helplines an option to talk to a live person in addition to hearing a recorded message)

On page 382, before line 1, insert:

(d) TELEPHONE HELPLINE OPTIONS.—The Secretary of the Treasury or the Secretary's delegate shall provide on all telephone helplines of the Internal Revenue Service an option for any taxpayer to talk to a live person in addition to hearing a recorded message. The person shall direct phone questions of the taxpayer to other Internal Revenue Service personnel who can provide understandable information to the taxpayer.

On page 382, after line 2, insert:

(3) SUBSECTION (D).—Subsection (d) shall take effect on January 1, 2000.

Mr. ROTH. Mr. President, I point out these two amendments are the amendments discussed by my good friend, Senator DOMENICI, the Senator from New Mexico, as modified. And these amendments, as modified, have been cleared on both sides of the aisle.

I urge their adoption.

Mr. CONRAD. Mr. President, we, too, on this side, agree to these amendments, find them useful and constructive.

The PRESIDING OFFICER. If there is no further debate, without objection, the amendments, en bloc, are agreed to.

The amendments (Nos. 2370 and 2371) were agreed to.

Mr. ROTH. I move to reconsider the vote.

Mr. CONRAD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROTH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CONRAD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CONRAD. Mr. President, I rise to speak in support of the bill before us. The Finance Committee bill is a dramatic improvement over the bill that was passed in the other body last year. This legislation will make the IRS far more accountable.

I want to take this moment to thank the chairman of the committee, Senator ROTH, and thank the ranking member, Senator MOYNIHAN. I also thank my colleague, Senator KERREY, because they have really all participated in this effort.

This is a significant advance. As a former revenue commissioner myself, elected in my home State, I can say, based on my own experience, that these provisions are going to make a positive difference. The bill not only addresses the administrative structure of the Internal Revenue Service, but also makes substantive changes in the law that will improve taxpayers' rights and protections.

The Commissioner of the IRS will get new tools to deal quickly and firmly with misbehavior by IRS personnel. We certainly heard in the Finance Committee's hearings of that kind of misbehavior. We want to send a clear and unmistakable signal that those actions and those behaviors are unacceptable and will not be permitted to continue.

Mr. President, taxpayers, under the legislation, will receive greater protections, particularly in the areas of innocent spouse relief, interest and penalties, and audit and collection activities. These areas, too, as we heard repeatedly in the hearings, are areas that require improvement. And Congress, too, will share in the increased accountability as it will have to assess

the complexity of tax law changes before they occur.

Under the legislation, the IRS will undergo restructuring. I think we all understand that the fundamental obligation of the IRS is to serve the public. And that has been overlooked for too long, at least by some. I think we should also readily acknowledge that the vast majority of employees of the IRS are honest, are hard working, and have provided good service. But it is also clear that the Internal Revenue Service is not well structured to meet the requirement to provide the service that the public expects.

Overseeing the IRS should not be a game just for Government insiders. That is why the bill mandates an IRS Oversight Board dominated by private sector representatives.

We took a hard look at the offices of the Treasury Inspector General and the IRS Chief Inspector—the offices which, under current law, carry out the bulk of IRS oversight activities. We concluded that the current arrangement is not working. The Office of the Chief Inspector does not have the autonomy it needs to perform objective and credible oversight. The Treasury Inspector General does not devote enough of its resources to IRS oversight.

Consequently, the bill would establish an independent Inspector General within the Treasury Department, which would have as its primary responsibility auditing, investigating, and evaluating IRS programs.

When IRS agents step over the line, the Commissioner has to be able to respond swiftly and firmly. This legislation will give the IRS Commissioner that authority and that power. The bill requires termination for IRS employees who commit gross violations of the law in connection with the performance of their official duties.

There are also other provisions—the innocent spouse protections—that I think are a real advance for taxpayers in this country. In our recent hearings, the Finance Committee heard stories from women who were being pursued by the IRS for tax liabilities, often including enormous penalties and interest, that arose as a result of the wrongful actions of their spouses. These were acts about which the women knew nothing. Yet because they were married, they wound up being responsible for bills that they had absolutely no idea were being incurred. The current law's test for spousal innocence does not work. It needs to be simplified, and the bill does just that.

Interest and penalty reform are also provided for in the legislation. If a taxpayer comes to terms with the IRS to pay his or her taxes under an installment agreement, current law can still impose a penalty. This makes no sense. The legislation we are advancing eliminates this irrational penalty for any taxpayer who is, in fact, paying taxes under an installment agreement.

The Finance Committee considered the provision which allows accrual of interest and penalties for unpaid taxes even when the taxpayer is unaware that there is a tax due. It is only fair that the IRS notify taxpayers promptly whenever it detects a deficiency or an amount due. Consequently, the bill provides that accrual of interest will be suspended if the IRS has not sent a notice of deficiency within a year.

There are additional audit and collection protections which I think taxpayers around the country, when they become more aware of them, will applaud. Taxpayers who need to seek outside guidance to comply with the tax laws should not have the Internal Revenue Code influencing their decision as to the type of tax practitioner they employ. The common law privilege of attorney-client confidentiality extends to tax matters when a taxpayer goes to an attorney for tax assistance. There is no compelling reason why a taxpayer who chooses another option should be deprived of that privilege of confidentiality. This bill addresses that question.

The bill would also strengthen the IRS's approval process for liens, levies, and seizures by requiring every such action to be approved by an agent's supervisor, and only after careful review that verifies the amount of the balance due and the appropriateness of the proposed enforcement action.

We also know of taxpayers who had their business assets—and in some extreme cases, even their homes—seized, to satisfy relatively small tax liabilities. These types of seizures can have a significant impact not only on the taxpayer, but on his or her family and on a business' employees and customers. So steps have been taken in this legislation to prevent those abuses. The IRS must exhaust all other payment options before seizing either a taxpayer's principal residence or business.

The legislation also provides for fuller disclosures to taxpayers. The tax return, obviously, is one of the most important legal documents an individual ever has to sign. Doing so establishes a variety of rights and responsibilities that affect the behavior of the taxpayer towards the IRS, and vice versa. Too often the taxpayers are at a disadvantage when it comes to knowing about these rights and responsibilities. As a result, this legislation imposes a number of new requirements on the IRS.

First, the IRS must alert married taxpayers to the ramifications of signing and filing a joint return. Second, the IRS must let taxpayers know that they are entitled to be represented, and to have that representative present, when the IRS wants to conduct an interview with the taxpayer. Third, the IRS must let taxpayers know that, when they receive a letter of proposed deficiency, they can request a review of that action in the IRS Office of Appeals.

These are fairminded changes to give taxpayers a fair hearing and a fair process. I think these will be welcome changes as we move forward.

Now, there is also the question of congressional responsibility, because, very frankly, we here in Congress are responsible for the complexity of the Tax Code itself. Without question, the single most persistent complaint about tax law that I receive is that the tax laws are too complex.

One reason I am in the U.S. Senate is that, when I was tax commissioner of the State of North Dakota, I adopted a dramatically simplified tax system for our State. I instituted a postcard return. You could just take a percentage of the Federal liability and pay that to the State of North Dakota and not have to have a separate tax return at all. That was well received by the people of North Dakota. It saved literally hundreds of thousands of hours of tax preparation time and gave us a dramatically simplified tax system. We should strive for that magnitude of simplification nationally. We have that opportunity.

At the very least, we ought to make clear that the Congress has a responsibility to simplify this tax system. We all understand that we live in a complicated economy, and that creates complicated tax situations for more and more taxpayers. This means that any tax system, based on income, is going to have a certain amount of irreducible complexity. But all too often, we in Congress have changed the Internal Revenue Code without even taking the complexity question into consideration.

Consequently, the bill would, for the first time, require a formal analysis of the complexity issues related to pending tax legislation. Not only will this analysis be an important tool for members of the tax-writing committees, but its presence on the public record will heighten awareness of pending tax law changes and their possible future consequences.

There are other important provisions that are in this legislation. I will not enumerate them all here this afternoon. Suffice it to say, I believe the Finance Committee, of which I am a member, has done a good job of taking initial steps to dramatically reform the Internal Revenue Service. We are going to restructure it. We are going to provide new protections to taxpayers so that they are more fairly treated. We are going to remind the Internal Revenue Service that they have an affirmative obligation to treat our taxpayers with respect.

Again, I want to conclude by saying the vast majority of people at the IRS are responsible, honest, decent and hard working. But we have some problems there that very clearly need to be

addressed. We need to say loudly and clearly that we simply will not accept any mistreatment or abuse of America's taxpayers. That is unacceptable. It will not be permitted to continue. This legislation is an excellent first step.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BURNS. Mr. President, I rise to withdraw an amendment that I had on this bill, but I want to make a short statement. Although this amendment will be ruled as not relevant to this piece of legislation, it is very relevant to the field of agriculture.

I have submitted S. 1879, which would make income averaging for farmers permanent in the Tax Code.

Last year, I offered an amendment to the Revenue Reconciliation Act of 1997 which extended to farmers the ability to average their income over a 3-year period. That amendment was included and made part of the U.S. Tax Code, but only after further negotiations will we have to extend it beyond 2001 because it sunsets in the year 2001.

I don't think many of my colleagues really understand what is going on in agriculture today. There are a few. If there is one way we can affect change regarding farm income, it would be through how we treat it regarding taxes. We will consider the agriculture research, and we will consider crop insurance later on this month. It is really in the best interest of this Government to pass that piece of legislation so that it is enforced with this year's crop. It won't be long until we are coming into harvest time.

This business of farming and ranching is difficult at best; we know that. There are no monthly checks. There is not much reward in the financial field for those who participate in it. And it is not getting any easier. Today we are seeing more and more family farms fade from the landscape of middle-income America, where this country has been. Corporate farms become more and more of a factor every day. Those of us who grew up in the farming communities understand the frustrations of the business. Of course, we are trying to do something right now at a time when just about all parts of agriculture, if you are in the business of producing a raw product, are in trouble. We cannot make it selling our farm commodities below what they were selling for in 1948 and still expect to provide the abundance of food that we provide for this country.

I will make one point. It is hard for me to understand, and it is hard for our farmers to understand why if you go into a grocery store and you look down and find out you are paying $2.75 for a pound of Wheaties, and we can't get $2.75 for a 60-pound bushel of wheat. America must understand that. And if this is allowed to happen, there will be no wheat, because it will just be beyond the cost of production to produce it.

Market forces are funny. Right now, we have a situation in the Pacific rim where you have four, maybe five economies that are in desperate trouble and could not buy even if they wanted to. When you live in a State where the biggest share of your production goes to the Pacific rim, that means we are in big trouble.

Last fall, we had the fiasco in the rail business in Houston. A lot of grain didn't get moved, or they took advantage of a higher market that cost us a lot of money—out of the control of the farmers. Yet, they are the ones that pay the costs.

So we are going to consider this. And I hope that this will be made part of the permanent law of the Tax Code. I would like to get some kind of commitment from this committee and the Finance Committee that it will be considered because it is very, very important. We had income averaging at one time, and we lost it in 1986.

The bill, last year, received overwhelming support in the U.S. Senate, and I understand that it will be ruled irrelevant now by the Parliamentarian, so I plan to withdraw the amendment. Before I do, I want to emphasize to this body that we have a situation not only in the grain industry, but the livestock industry, and it is in areas where the producer has little or no control. They are at the end of the line. They sell wholesale, they buy retail, they pay the transportation and the taxes both ways. We have to do something in the middle to at least give them some relief.

This bill has very little impact on our Federal budget. The American people would look at this as an insurance policy. We must pay to insure our cars or our lives. How much would you pay to ensure that the grocery store is full every time you go there? There are a lot of us that know about the front end of the grocery store; very few of us know anything about the back end. So I think America has a stake in this—all the citizens that live in this country.

I will agree to withdraw the amendment, but I want to reaffirm my commitment to the American farmer that this Congress will act, and this will become a permanent part of the Tax Code before we end the 105th Congress.

Mr. President, I ask unanimous consent that this amendment be withdrawn from consideration. I thank the managers of the bill and yield the floor.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn.

Mr. ROTH. Mr. President, I ask unanimous consent that when Senator MACK offers his amendment, there be 1½ hours equally divided for debate on the amendment; further, that at expiration or yielding back of time, the Senate proceed to a vote on or in relation to the Mack amendment, and no amendments are in order.

I further ask as part of the unanimous consent request that Senator MACK be permitted to offer his amendment upon the conclusion of the statement of the Senator from California.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. FEINSTEIN addressed the Chair.

The PRESIDING OFFICER. The Senator from California is recognized.

Mrs. FEINSTEIN. Mr. President, I thank the chairman and the Senator from Florida for allowing me a few moments to make a statement.

I wish to begin by indicating my support for this bill. I believe it will be very helpful to every taxpayer throughout the Nation. I am very happy to support the bill, Mr. President.

Mr. President, I ask unanimous consent to speak as in morning business for a few minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

A CRUCIAL MOMENT IN THE MIDDLE EAST PEACE PROCESS

Mrs. FEINSTEIN. Mr. President, I come to the floor of the Senate because I was very concerned in reading this morning's newspaper about criticism of the administration in the Middle East peace process. As a strong supporter of Israel and its security, I want to take this opportunity to commend President Clinton and Secretary Albright for their current effort to preserve the peace process.

About a month ago, 81 Senators sent a letter to the President of the United States in which they expressed concern about the negotiations between Israel and the Palestinians. They, in effect, were concerned about a proposal for land redeployment going public, about security cooperation, and final status talks.

I was not one of those 81 Senators. In fact, a few days later, I sent a letter of my own expressing my support for the current course. In that letter, I mentioned that I have great faith in what the administration is doing, and I still believe that.

I ask unanimous consent that my letter be printed in the RECORD at this time.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, DC, April 9, 1998.

The PRESIDENT,
The White House,
Washington, DC.

DEAR MR. PRESIDENT: At a time of considerable urgency in the Middle East peace

process, I write to express my support for your ongoing efforts to help achieve a diplomatic resolution of the Arab-Israeli conflict. The success of these efforts is crucial to the fulfillment of the United States' commitments to ensure Israel's security, to enhance regional stability, and to protect U.S. strategic interests in the Middle East.

Progress on the Israeli-Palestinian track is clearly the most urgent need. The stalemate that has defined these talks for the past year poses great dangers for all sides. Your approach to moving this process forward has included a healthy combination of urging the parties to uphold their commitments, discouraging unilateral acts that undermine confidence, facilitating ongoing contacts and negotiations, helping each side understand the other's needs, and presenting ideas intended to help bridge gaps between the parties.

As you and Secretary of State Albright have repeatedly stressed, an all-out Palestinian effort to combat terrorism, and the full commitment of both sides to Israeli-Palestinian security cooperation, are absolutely essential for further progress to occur. Without these, the region could easily descend into violence, ending the chances for a peace settlement in the foreseeable future.

In addition, you have consistently urged the parties to approach their negotiations with a sense of realism and restraint, while understanding the needs of the other side, and avoiding unilateral steps that call into question the parties' commitment to achieving a settlement.

While you understand that U.S. diplomacy may be essential to bridge some of the gaps between the two sides, you have remained keenly aware that only the parties themselves can make the difficult, but necessary, decisions required to move toward a final agreement. We cannot do this for them.

America's longstanding and unshakeable commitment to Israel's security, which you have faithfully upheld, is fully consistent with your efforts to move the peace process toward a successful outcome. Without a peaceful permanent resolution to the Israeli-Palestinian conflict, Israel's security—which is undoubtedly a vital U.S. interest—can never be guaranteed.

I have great faith in your Administration's efforts to move the peace process forward without undue micromanagement from Congress. I believe that you, Secretary Albright, Special Middle East Coordinator Dennis Ross, and Assistant Secretary of State for Near Eastern Affairs Martin Indyk have great ability and credibility in this effort. As you continue to pursue this vital mission, you will continue to have my support.

Sincerely,

DIANNE FEINSTEIN,
U.S. Senator.

Mrs. FEINSTEIN. Mr. President, in view of the attacks leveled against the administration's efforts by leaders of the other body, I felt it necessary to come to the floor today to respond. As a concerned American, who cares deeply for the State of Israel, its future and its security—as I think my statement in the RECORD on Israel's 50th anniversary will reflect—and as a member of the Senate Foreign Relations Committee, and the relevant subcommittee for the past 4 years, I have watched these negotiations go up and down.

What I have never forgotten is the importance of Israel's survival as a Jewish, democratic state with safe and secure borders. I have never forgotten a meeting I had with Yitzhak Rabin in the mid-1980s, when I was the Mayor of San Francisco and he was Israel's Minister of Defense. He explained to me how the demographics of Israel and the West Bank and Gaza showed that, over time, the Jewish majority in these areas would be eroded.

He showed me even then, as we stepped out on the Knesset balcony and looked out and saw how close Jordan really is to the capital, how Israel could return some land, which accomplished the goal of preserving Israel's security from a military and strategic view while also preserving a strong Jewish majority. I have never forgotten that. That is the reason why success in this peace process is so important—because peace is the ultimate guarantor of Israel's security.

No one ever thought it would be easy to achieve peace between Israel and the Palestinians. If it were easy, peace would have already been achieved. It is almost 20 years now since the end of the Camp David accords. But criticizing the administration at this particular point in time, I strongly believe, is counterproductive. In many cases these criticisms are driven by politics—not by the urgent desire for peace and Israel's security. And I find that deeply troubling.

It is a responsibility of the executive branch to conduct these negotiations, not the Congress. That is provided for in the United States Constitution. So, in my view, it would be prudent for all of us who care about Israel and the search for peace to give these negotiations a chance to succeed before rushing to criticize.

There is no more knowledgeable or respected negotiator that I know of than Ambassador Dennis Ross, who is leading the American effort. The State Department has an institutional knowledge of these talks going back 20 years—all the way to the Camp David Accords—which deserves a certain amount of respect as well. And President Clinton's own commitment to Israel and its security cannot seriously be called into question.

For months now, the President has been urged—by many of the same people who are now criticizing him—to put forth a strong effort to rescue what has been a crumbling peace process.

In that time, the Secretary of State and the Middle East peace team have shuttled back and forth to the Middle East trying to find a formula that would advance the talks. President Clinton has been personally engaged in the details of these talks, and has met on several occasions with Prime Minister Netanyahu, Chairman Arafat, and other regional leaders.

After months with no progress, the issues that divide the two sides have crystallized into a clear few dominant issues. So our negotiators have tried to help the two sides identify possible solutions that would allow them to move on to the next stage of the talks.

Like any mediator, having reached this point, the United States now faces two choices: Either identify the terms it feels the parties can move ahead on, or walk away from the talks. Frankly, I would expect them to be criticized whatever they would do.

But what the President and Secretary Albright are doing is not trying to impose a solution on either side—they are simply trying to create the conditions that allow for progress by proposing the ideas they believe can bridge the gaps between the two sides. Ultimately, only the parties themselves can decide if these ideas are acceptable.

To the best of my knowledge, the terms being discussed are quite favorable to Israel: The Palestinians originally sought Israeli redeployment from 30 percent of the West Bank, and Israel offered 8 percent. On the table now is 13 percent, which many security officials maintain could isolate two or three settlements, but would not jeopardize Israel's security.

In addition, the current proposal would result in final status talks beginning immediately, and tough requirements on Palestinian security cooperation—both of which Prime Minister Netanyahu has been seeking for many months.

And the Administration is still working hard to address Israel's concerns. Ambassador Ross, who just arrived back from London last night, is flying out to Israel tonight for further talks.

President Clinton made clear what he is trying to do yesterday in a press conference. He said:

> I have tried to find a way actually to do what [Prime Minister Netanyahu] suggested. I have done my best for a year now to find the formula that would unlock the differences between them to get them into those final status talks. That's all I am trying to do. There is no way in the world that I could impose an agreement on them or dictate their security to them even if I wished to, which I don't.

If the current peace process fails, the deadlock will likely lead to unilateral acts by both sides, an escalation of violence, the further unraveling of Israel's relations with its neighbors. If the United States is committed to Israel's security, we cannot allow that to happen.

So I want to express my support for the Administration's efforts. I think they are principled, worthy efforts, and are the best hope at the moment of saving the peace process from disaster. They are also grounded in a deep commitment to Israel's security.

So I would ask my colleagues to please give these talks a chance to succeed, to please refrain from attempts to micromanage the Administration's conduct of these negotiations, and to

please recognize that Israel's security depends on their success.

Thank you. I yield the floor.

Mr. MACK addressed the chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. MACK. Mr. President, I ask unanimous consent to have 2 minutes to speak as if in morning business and then to proceed to my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MACK. Mr. President, it was not my intention, frankly, to speak on the issue of Israel. But Senator FEINSTEIN and I have a difference of opinion on this, and I feel compelled, frankly, to make a comment.

I strongly believe the administration has made a major mistake in publicly tabling and publicly pressuring the Government of Israel in this particular set of circumstances. The administration knew at the time that the plan that was being proposed would be accepted by Arafat and rejected by Prime Minister Netanyahu. I, again, think it is fundamentally wrong for one democracy to try to impose on another democracy what it should be doing. The people of Israel have chosen its government. They have chosen this government based on what they perceive to be their No. 1 priority, which is security, and that government should not be pressured by the ally, the United States. It is fundamentally wrong. And I personally believe that to do that could end up with a forced agreement, which, in fact, would be a false peace. That would endanger the Middle East.

Again, Mr. President, I appreciate the opportunity to express those feelings.

INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998

The Senate continued with the consideration of the bill.

AMENDMENT NO. 2372

(Purpose: To strike the Secretary of the Treasury from the Internal Revenue Service Oversight Board)

Mr. MACK. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Florida [Mr. MACK], for himself, Mr. FAIRCLOTH, and Mr. MURKOWSKI, proposes an amendment numbered 2372.

Mr. MACK. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 174, line 23, strike "9" and insert "8".

On page 175, strike lines 3 through 5.

On page 175, line 6, strike "(C)" and insert "(B)".

On page 175, line 8, strike "(D)" and insert "(C)".

On page 176, line 10, strike "(D)" and insert "(C)".

On page 177, line 10, strike "(D)" and insert "(C)".

On page 177, line 21, strike "(1)(D)" and insert "(1)(C)".

On page 178, line 10, strike "(D)" and insert "(C)".

On page 180, line 11, strike "(1)(D)" and insert "(1)(C)".

On page 180, line 18, strike "(1)(D)" and insert "(1)(C)".

On page 181, line 14, strike "(1)(D)" and insert "(1)(C)".

On page 182, strike lines 3 through 7, and insert the following:

"(B) COMMISSIONER.—The Commissioner of Internal Revenue shall be removed upon termination of service in the office."

On page 182, line 11, strike "(D)" and insert "(C)".

Mr. MACK. I thank the Chair.

Last week, thanks to the leadership of Finance Committee Chairman ROTH, Congress resumed the first meaningful IRS oversight hearings we have conducted in decades. The testimony we heard reinforced the impression of a rogue agency that is literally out of control. As was the case when the oversight hearings began in September, some of what we heard was shocking, much of it was saddening, and all of it was angering. Witnesses testified to incidents of IRS abuse and of blatant misuse of IRS power that are simply unacceptable.

I recall in particular the story of one taxpayer who could not be at the hearings in person but was represented by his former attorney. The reason the taxpayer could not attend was that he was literally hounded to death by the IRS. The 61-year-old taxpayer had been suffering from severe health problems. He had heart disease and was weakened by cancer. The IRS revenue officer assigned to his case was informed that the taxpayer could not physically withstand stressful situations but, with the support of his supervisor and the chief of collections, persisted in aggressive and intimidating tactics.

I want to make this clear now about the IRS being well aware of the health conditions of the taxpayer. They had a letter, I believe, from the physician that was sent to them informing them of the condition of the taxpayer, and yet they persisted in aggressive and intimidating tactics. The IRS, disregarding this humanitarian appeal, sent the taxpayer a notice of intent to levy.

By the way, let me back up for a moment as well. Notice I talked about that taxpayer going to his attorney. The request on the part of the attorney was that further contacts in this case be with the attorney, not the taxpayer, again because of the health condition. They totally ignored that request. And so 2 days after this levy, the man died from a heart attack.

This story highlights, perhaps better than any other we heard, the fundamental and disgraceful problems at the IRS, an agency which never seems to consider the interests and perspective of the taxpayer. This attitude is entirely unacceptable and cannot be tolerated. The IRS Criminal Investigations Division has apparently learned from the FBI and the DEA criminal investigative techniques that are appropriate for dealing with violent and dangerous criminals and now uses these in routine criminal tax investigations of taxpayers who are neither dangerous nor violent. Taxpayers have had their businesses raided by armed agents, their lives turned upside down, and their reputations ruined.

In listening to hours of compelling testimony, members of the Finance Committee could not help but wonder how in the world could such things be happening. Why would the IRS send 10 special agents to a woman's home at 7:30 in the morning to serve a search warrant and spend 8 hours in her home not to search for drugs or illegal contraband but, instead, so that a furniture appraiser could value items from her grandmother's estate? Who could have approved such a blatantly intrusive act? Why would the IRS send 64 agents to raid a man's family business with 35 employees at the home office? The taxpayer was not a violent or dangerous criminal. What purpose could be served by the use of 64 agents in this raid other than to intimidate and oppress the taxpayer?

The villains of the horror stories that were presented to the Finance Committee last week were not just frontline, low-level employees of the IRS. None of these abuses could have taken place without either the approval of management or of failure in supervision. Last week's hearings exposed a corrupt culture permeating IRS management which will require a major housecleaning at the Service.

The current oversight of the Service is just not working. The Treasury inspector general has the power to investigate IRS operations, but we learned last week that the inspector general is being ignored by the IRS. The inspector general investigated and substantiated allegations of travel fraud, abuse of subordinates, sexual harassment, fraudulent performance appraisals, and others to cover up illegal actions, all against IRS executives. Yet in each and every one of these cases the report from the inspector general was sent to the Deputy Commissioner's desk and no disciplinary action was taken. In other cases, the IRS has hindered oversight by keeping information from the inspector general.

Now, this particular problem of inspector general oversight is addressed in the IRS reform bill that we have before us through the creation of a new inspector general for tax administration. But the problem underscores the corrupt culture at the IRS, a culture in

which the decent, honest IRS employees who report abuses of their coworkers receive not thanks but retaliation.

At the IRS, an individual who sexually harasses his subordinates can end up being the National Director of Equal Employment Opportunity. At the IRS, midlevel managers can decide to close the audits of major corporations and determine that no extra taxes are owed even when the corporation concedes that it owes more taxes. At the IRS, a renegade special agent with a drinking and substance abuse problem can fabricate allegations of political corruption and be protected rather than punished by his supervisors.

This culture must change, and it is not happening. We heard last week that some IRS managers have been bragging that they have no regard for the Finance Committee's oversight hearings and that they intend to go back to business as usual once the spotlight is off. Even after we exposed the illegal use of enforcement statistics to evaluate IRS employees and offices, it seems that the southern region is still ranking their district offices based on property seizures.

Many IRS bureaucrats appear to have concluded that we are not serious about oversight and that we are not serious about reform. We in the Congress must prove them wrong and send a strong message to the IRS and to the taxpayer that business as usual will not be tolerated.

Since our hearings last September exposed numerous instances of taxpayer abuse, it seems that not one person has been fired at the IRS. It is my hope that the provisions in the IRS reform bill that require the termination of employees who commit certain acts such as taxpayer abuse will help correct this problem.

Commissioner Rossotti has made a number of positive moves since taking office. He has ordered an independent review of the IRS Inspection Service, and now he has enlisted Judge William Webster for a much needed review of the Criminal Investigations Division. In order to change the corrupt culture at the IRS, it is necessary that outside people with a perspective different from that of the IRS bureaucracy be given a prominent role.

It is for this reason that I have offered this amendment. My amendment, cosponsored by Senator FAIRCLOTH and Senator MURKOWSKI, would move us closer to Chairman ROTH's vision of a private sector oversight board by removing the Secretary of the Treasury from this board.

The purpose of the oversight board is to reform the IRS from the outside. The board will be composed of people from the private sector, people with management and information systems expertise, people who still have the interest of the taxpayer in mind. To change the culture of the IRS, we need to replace the law enforcement mentality with a customer service mentality. The independent oversight board will play a vital role in changing this culture. There is no place on such a board for a Government official, such as the Secretary of the Treasury. The board must be the voice of the taxpayer, not the voice of the status quo. For this new board to have any credibility with the public, it must not be under the influence of the Cabinet Member who already has responsibility for the agency.

We must prove that we are serious about reform of the IRS. Making the oversight board a private sector check on the IRS is essential for reform. Otherwise, it is just Washington business as usual with another Washington-controlled commission. That is not what we need. We need an oversight board of the taxpayers, by the taxpayers, and for the taxpayers.

Mr. President, I want to make it clear, because I realize that in these kinds of situations the impression could be drawn that I am focusing my concerns personally at the Secretary of the Treasury. That is not the point at all. The Secretary of the Treasury is, frankly, reflecting the views of the bureaucracy. I find it troubling that we would have changed the legislation from the markup document that we began with, which Senator ROTH proposed, which did not include members other than private sector individuals. Again, I want to stress this point. This is not directed personally at the Secretary of the Treasury, but it is a response in essence to an attempt by the bureaucracy to protect itself.

Here is what the Secretary has said in the past with respect to this issue. In the Cincinnati Inquirer, on September 17, 1997, Secretary Rubin said:

> The fact that the agency was being run by private sector individuals would almost surely have what lawyers call a chilling effect on IRS employees and influence audit policy, enforcement policy, and the like.

You bet it would. I think that is exactly the reason we had called for a board in which there were only private sector representatives on that oversight board.

The ultimate concern that I have here is that if we are going to make a change, it should not be business as usual. It should not be a commission dominated by Washington insiders. Why do I say it would be dominated when this is a board that would be, under its present organization, nine members, six from the private sector, three not? The six private sector members, as I recall, are part-time members of this commission, this oversight board. When you add the Secretary of the Treasury, the Commissioner of the IRS, and a representative of the employees at IRS, what you have done is totally changed the makeup in this sense. There are huge bureaucracies that the Secretary of the Treasury and the other members from Government can call on who will dominate, in my opinion, the six individuals who are serving from the private sector on a part-time basis with very limited staffs.

I want to conclude my comments by saying to those Members of the Senate who participated in hearings, not just in the Senate but also in the process outside the committee, in no way do I try to lessen the significance of the work that you have done. But this is not an issue of what we hear at hearings. This is an issue of how Washington works and how the bureaucracy will do whatever is necessary in order to protect itself. And to put the Secretary of the Treasury and a representative of the employees on this board is just business as usual, Washington protecting itself.

With that, Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. Mr. President, I compliment my good friend from Florida relative to this particular issue concerning the IRS evaluation and the oversight board, in particular the position of the Secretary on this board.

First of all, in this amendment that my friend from Florida has proposed, we would give the IRS Advisory and Oversight Board a far greater capacity to exercise its oversight and advisory functions, ensuring taxpayers are treated fairly. That is the object of this entire exercise.

Our friends on the Finance Committee, and I am a member of that committee, as we discussed in the makeup of the nine-member board, we reflected on the debate yesterday where the Senate rejected the idea of making the board a full-time board consisting exclusively of private citizens. However, in my view, this board will have a very, very hard time fulfilling its oversight and advisory functions because, I think, as does the Senator from Florida, that its composition is basically unbalanced.

First of all, let's examine the board. We have six private sector members to be selected based on their expertise in such areas as management, customer service, information technology, and, most important, the needs and concerns of the taxpayer. If those were the only members of the board, the board would be basically free to take an unbiased and objective view of how to improve the operations of this agency, with the goal of ensuring the proper treatment of the American taxpayer and the efficient and courteous delivery of services.

But let's look at it realistically. Unfortunately, the board is not made up that way. As the board has emerged, it will likely be dominated by three additional people who are required to be

members. First of all, we have added the Internal Revenue Service Commissioner. A representative of the employees of the IRS is the second member. And third, the Secretary of the Treasury.

Does anyone in this body really believe that this board, consisting of three of the most important people—these are policy people—most important people involved in the operation of the IRS, will be free to exercise real oversight of the IRS? Why do we even need an advisory board to make recommendations to the Secretary of the Treasury and the Commissioner of the IRS when these two individuals already serve on the board? What kind of advisory group are we talking about here? You have insiders on the advisory group. These insiders are very powerful—the Commissioner of the Internal Revenue Service, a union employee representative of the Internal Revenue Service, and the Secretary of the Treasury. So where is the objectivity? These people will control the direction and policy of this board. So where does this advisory board stand independently? It does not. That is the fallacy in the makeup. That is why I encourage my colleagues to consider the amendment offered by the Senator from Florida, which I wholeheartedly support.

We have heard the horror stories of taxpayer abuse described in the Finance Committee last September and at last week's hearings. Mind you, Mr. President, this occurred on the watch of the Treasury Secretaries appointed by both Republican and Democratic Presidents. What kind of oversight did these Treasury Secretaries perform on the IRS during their tenure in office? It appears there was very little, if any, oversight. Why? We would like to think because we don't have an independent board. But, if you put the insiders on the board, you don't have objectivity. If we allow the Secretary of the Treasury to participate on this board, along with the IRS Commissioner, I fear we will have business as usual in the IRS. That is what the Finance Committee attempted to address: no longer business as usual.

I assume many of my colleagues are out there now making their sound bites, appealing to the folks back home that this is a major step forward, this legislation, in making the IRS accountable. But it is not. It is business as usual. You have the same insiders, only this time they are on the board that is supposed to oversee the IRS.

Mr. President, let's stop kidding ourselves around here. The Secretary has a staff of thousands of people. They can provide him with any number of reasons to dissuade the board from recommending and implementing significant changes to the Internal Revenue Service. The Secretary and the IRS Commissioner work together. They have to. They work together on a regular basis and will form a powerful team that could prevent real and meaningful changes at the IRS.

I have seen it in my own business career, where people of knowledge and responsibility who are insiders direct the activities of an objective group of outsiders simply because they have the power and influence of their position. This board should have as its No. 1 goal finding ways to improve services by the Internal Revenue Service to the American taxpayer. If the Treasury Secretary who oversees the IRS is on this board, I fear the interests of the bureaucracy—and I noted my friend from Florida mentioned time and again in his presentation "don't underestimate business as usual"—and the power of the bureaucracy. And, don't kid yourself, it is in the Internal Revenue Service as well.

So I fear the interests of the bureaucracy and the Government are simply going to be put ahead of the interests of the taxpayers because it has always been that way in the past. It is inherent in the nature of his high position and his large and sophisticated staff that the Secretary of the Treasury will dominate this board and the interests of the taxpayer will not be adequately represented.

I have the utmost respect and admiration for the Treasury Secretary, Bob Rubin. He has done, and is doing, an admirable job as Secretary of the Treasury. I differed with him on the Mexican bailout, but he proved to be right. He has done, and is doing, an admirable job as Secretary of the Treasury. My support for this amendment has nothing to do with Mr. Rubin, in the interests of full disclosure. But it is my concern that the official in charge of Treasury and the IRS operations cannot bring an objective view to oversight of his own operations. I urge the adoption of the Mack amendment.

Finally, I have been in the business community for 25 years. Many of my colleagues here have not. I can tell you how it works in that kind of environment, where you have insiders with positions of influence, not that they are not well meaning, but it is the very nature of the beast that you lose the objectivity that you are going to have if you have this board set up without considering the implications of the influence of the Secretary of the Treasury.

I encourage my colleagues to consider the merits of this amendment and act accordingly. Mr. President, I yield the floor.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I have very much appreciated listening to the arguments for this amendment. However, I think it is important for us to step back a little bit and look at this issue a little more broadly. The first point I would make is to remind my colleagues that the IRS Restructuring Commission recommended that the Treasury Secretary serve on the Board, as well as recommend there be a representative of an employee organization.

The Restructuring Commission spent a lot of time thinking about this. This is not something they willy-nilly recommended to the Congress. Just as we in the Senate voted to honor the Restructuring Commission's inclusion of a representative of an employee organization, I submit it makes sense for us to honor the Restructuring Commission's recommendations to continue to include the Treasury Secretary. The Restructuring Commission spent a lot of time thinking about this, and they did conclude that the Treasury Secretary should be a member of the Board.

Why did they do that? I think for a number of reasons. First, the Treasury Secretary has responsibility for the IRS. After all, that is a large part of his job. In fact, 80 percent of Treasury's resources and people are in the IRS—over 100,000 employees.

Second, there is an analogy with corporations. Corporate boards include chairmen. Corporate boards include CEOs. Why do they do so? Because they want communication between the governing board on the one hand, and the operation management on the other. You have to have direct communication; you have to have guidance. If the Treasury Secretary is not on the Board, that certainly diminishes communication between the Board and the Treasury Secretary. It is just obvious and also does something else which is the exact opposite of what we are trying to do here. It tends to create an adversarial relationship between the Treasury Secretary and the Board.

The analogy which someone alluded to earlier of having 'the fox guard the chicken coop' to have the Treasury Secretary on the Board, is totally inapplicable. Why? Simply because the other board members, the six private board members, are going to be pretty strong-willed people if they are going to agree to serve on this Board. Any President who wants to make IRS restructuring work is going to get pretty strong people. These are not people who are going to roll over willy-nilly at the insistence of the Treasury Secretary.

First of all, they don't work for the Treasury Secretary. These are private sector people. The only working relationships between the Secretary and Board members is with the Commissioner, Mr. Rossotti, and in some indirect way, the employees representative. There are six private sector people on the Board who are going to be strong-willed, strong-minded people. They are not going to roll over and play dead.

In addition, the Treasury Secretary is going to want to be a two-way messenger, both to and from the Board, to the President's Cabinet, to the President himself. If we want IRS restructuring to work, we want him to participate in the Board's deliberations. He will be able to share information with the other members of the Board that they might not otherwise know about, and that no one else would know. At the same time, he would learn things about the IRS by serving on the Board that he might not otherwise discover.

Another way to see that we have ensured independence of the Board is that each of the six private sector members is subject to the confirmation process in the Senate. When we are talking to these nominees as they go before our committees in the Senate, we have ample opportunity to insist upon the independence of these board members. We have ample opportunity for commitment from these nominees. They are not going to kowtow to any Secretary.

To sum up, Mr. President, the Restructuring Commission recommended the Treasury Secretary. It makes sense to keep the communication flowing between the Board and the Treasury Department and the President's Cabinet. The private sector Board members are going to be strong-willed people. They are not going to just acquiesce to the suggestions of the Treasury Secretary. In fact, there are provisions in this legislation to help assure that independence. One is having the Board send a separate budget to the Congress, for example, independent of the Treasury Secretary. It makes good sense to follow the recommendations of the Restructuring Commission on this matter. I urge my colleagues to keep the Treasury Secretary on the Board.

Mr. MCCAIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCCAIN. Mr. President, how much time remains?

The PRESIDING OFFICER. There are 22 minutes 56 seconds for the Senator from Florida and 39 minutes 38 seconds for the Senator from New York.

Mr. MCCAIN. I ask to be recognized for 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MCCAIN. Mr. President, I rise in support of this legislation. Again, I thank the chairman and other members of the Finance Committee for their work in crafting this measure.

The vast majority of Americans comply with our country's tax laws. In the same vein, most IRS workers do their jobs in a conscientious fashion.

We have heard numerous accounts of abuses and mismanagement at the IRS. We have had months of hearings and hours of debate. Some of the reported incidents of taxpayer abuse have been so outrageous that it is hard to believe that they actually took place. Clearly, the system that guides and directs workflow at the IRS needs to be overhauled.

Today, we are poised to go beyond talking about IRS reform. We are actually doing something about IRS abuse of innocent individuals.

The reforms in this bill are carefully crafted structural reforms. They are reforms that will not only change the practices and procedures of the IRS, but its fundamental culture as well. These reforms will ensure that the IRS treats taxpayers fairly and with the respect they deserve.

As with any proposal, there are improvements that can be made. Our colleagues have sponsored several amendments to make this bill even better.

I am a strong advocate of IRS initiatives which provide increased customer service, fiscally responsible computer modernization, management and employee accountability and overall protection of citizens' rights. I support measures that would remove the union representative and the Secretary of the Treasury from the IRS Oversight Board, as well as a measure to create a full-time oversight board for the IRS.

I also support a measure that would establish a Spanish-language help line at the IRS to ensure that all citizens can get needed assistance in paying the taxes they owe.

I support an amendment that would greatly reduce unnecessary and onerous reporting requirements on colleges and universities that were imposed in last year's Taxpayer Relief Act in support of two new educational tax credits.

I support an amendment to suspend interest and penalties on deferred taxes due from individuals who are in officially declared disaster areas.

In addition, I support amendments to protect innocent spouses from undue harassment in an effort to collect taxes from their spouse.

Finally, Mr. President, I am a cosponsor of a Coverdell amendment to this bill which outlaws random audits. Numerical quotas and random audits are inherently unfair. A culture that permits and encourages such practices is counterproductive to overall fairness and accountability. It is difficult to find another area of American society where you become subject to such intense Government scrutiny based solely on a random selection process.

It is fundamentally unfair to impose the burden of a tax audit on an individual taxpayer for no reason other than his or her name was randomly selected.

Reforming the tax collection and enforcement agency is only part of the solution of reducing the burden of excessive taxation on Americans. We still must continue our efforts to simplify the existing Tax Code and provide additional tax relief to all Americans.

I am an original cosponsor of the Coverdell-McCain Middle Class Tax Relief Act of 1998, which is a step toward a simpler, flatter, fairer Tax Code. The Middle Class Tax Relief Act would deliver sweeping tax relief to lower- and middle-income taxpayers by increasing the number of individuals who pay the lowest tax rate, which is 15 percent. In 1998 alone, this bill will place approximately 10 million taxpayers, now in the 28 percent tax bracket, into the 15 percent tax bracket. Preliminary estimates by the Tax Foundation indicate that 23 million taxpayers would benefit from this broad-based middle-class tax relief in 1998 alone.

Mr. President, I supported the Middle Class Tax Relief Act because it is a step forward to further reform, it helps ordinary middle-class families who are struggling to make ends meet without asking the Government to help out, and it promotes future economic prosperity by increasing the amount of money taxpayers have available for their own savings and investments.

In addition, this bill significantly lessens the effect of one of the Tax Code's most inequitable provisions—the marriage penalty. Our current Tax Code taxes a married couple's income more heavily than it taxes a single individual earning the same amount of income as the married couple. This bill reduces this inequity by taxing a married couple's joint income and a single individual earning the same income as the married couple at essentially the same effective rates.

It is essential that we provide American families with relief from the excessive rate of taxation that saps job growth and robs them of the opportunity to provide for their needs and save for the future.

Mr. President, I ask unanimous consent for 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MCCAIN. This measure permits individuals to keep more of the money they earn. This extra income will allow individuals to save and invest more. The increased savings and investment are key to sustaining our current economic growth.

In sum, the Coverdell-McCain measure is a win for individuals and a win for America as a whole. The Middle Class Tax Relief Act is a good bill, and I am hopeful that we can move forward on this bill during this Congress.

Mr. President, regarding action taken yesterday on the IRS reform bill, let me note that I supported the chairman's amendment to fully offset the costs of implementing these reforms. However, I do have some concerns about one of the funding sources. Specifically, the relaxed IRA rollover rule may create greater long-term revenue losses than anticipated. Because we cannot accurately score a bill beyond 10 years, it is difficult to determine

how much additional revenue we may lose in the future as more individuals take advantage of the relaxed IRA rollover rules and make tax-free withdrawals from their accounts. I raise this concern simply to bring it to the attention of the managers of the bill as an item to be considered in conference with the House.

Mr. President, let me close by saying that the IRS Restructuring Act of 1998 illustrates our continuing effort to change the way we collect our taxes and, on a larger note, the role of Government in our everyday lives. This bill reinstates the principles of fundamental fairness and overall efficiency to the operation of the IRS.

We should pass this bill today and move forward to provide additional tax relief to all Americans.

Mr. President, I yield back the remainder of my time.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I yield myself 6 minutes.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I rise in support of the bill which, of course, creates the IRS Oversight Board and follows exactly the proposal made by the report of the National Commission on Restructuring the Internal Revenue Service: "A Vision for the New IRS." This exceptional document is the work of an extraordinarily able public and private group, including the distinguished Senator from Iowa and the Senator from Nebraska, who is managing this legislation today. Their report called for the inclusion of the Secretary or Deputy Secretary on the board.

The Secretary of the Treasury is not a bureaucrat, sir. He is the second-ranking member of the American Government; third if you want to include the Vice President. At any given moment there is the Secretary of State and the Secretary of the Treasury. Their predecessors begin with Thomas Jefferson and Alexander Hamilton, and the sequence since has been extraordinary.

Now, I speak from personal experience. I have known every Secretary of the Treasury since the Honorable C. Douglas Dillon of New Jersey, who served President Kennedy so well and then stayed on with President Johnson—Secretary Dillon; Henry Fowler; Joseph Barr; David Kennedy; John Connally; George Shultz; William Simon; Michael Blumenthal; William Miller; Donald Regan; James A. Baker, III; Nicholas Brady; Lloyd Bentsen—our own Lloyd Bentsen—and now Robert E. Rubin.

They have been among the principal officers of the American Government. And a board that includes such is an important institution. Absent that, sir, it is inevitably one of the myriad advisory commissions which do useful work but are never and cannot be central to the concerns of the American Government.

The House of Representatives voted 426–4 for a bill that included the Secretary for the obvious reason that absent his membership or her membership on the board, nothing comes back to the Secretary with the force of his or her own endorsement. The board does not know what only the Secretary can know. If you prefer the model of a corporate board and the chief executive officer, do so. I prefer the model of American Government with a Cabinet officer chosen in a two-century succession, chosen by an elected President, confirmed by the U.S. Senate, responsible for this high and solemn responsibility.

If the Secretary is on the board, the board will know things it cannot otherwise learn. And the Treasury Department in turn will have the advice and counsel of persons, we hope, not next year but 50 years from now and will continue to think of this as a public service of importance and consequence.

The Secretary of the Treasury is a world figure. This very moment our Secretary is on his way to London to again engage in the increasingly institutionalized international economic deliberations which are so important to the world. If he is on this board, it becomes an important one; if he is not, it becomes a marginal advisory committee.

The idea that there are concerns that a board might have, that private members might have, which the Secretary would not have, does not speak well to our understanding of the centuries of occupants of this high office.

Nor, sir, does it address a slight matter, but little noted in this debate, which is the information we received from the Treasury Department that in a given year there are some $195 billion in taxes owed but not paid. Anyone who wishes to describe ours as a tyrannical, unfeeling, and ruthless tax collection administration might ponder how it comes about that $195 billion a year—$2 trillion a decade—of legitimately owed taxes go unpaid.

That will be a part of the responsibility of this panel as well, and properly so, so let us do what the wise judgment of the Commission proposed that we do. We are here in response to that effort. Let us do what clearly is in the interests of this institution and include the Secretary, as the Finance Committee did in the measure now before the Senate.

I see my friend from Florida. Is there any Member wishing to speak in favor of the amendment?

Mr. MACK. I say to the Senator, I do not know if there are additional Senators who wish to speak in favor. I ask the Senator the same question, whether there are others who wish to speak.

Mr. MOYNIHAN. There is on the floor now Senator DORGAN, and I yield 5 minutes to my friend.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Let me associate myself with the remarks just made by the Senator from New York, and let me also say that the work that has been done by Senator ROTH and Senator MOYNIHAN to bring this legislation to the floor is work that will benefit all of America. I think this legislation has a great deal to commend it to the Congress and the American people.

It is true that in recent hearings evidence of misconduct and mismanagement, and, yes, in some cases the abuse of taxpayers by the Internal Revenue Service by a few employees of the Internal Revenue Service, has cast a shadow over that organization.

A recent speaker indicated, I believe it was Senator MCCAIN, that he was certain—and I share that view—that by far the majority of the men and women who work in the Internal Revenue Service are good people who do good work and try to do the best job they can. But because of the abuse by some few agents in the Internal Revenue Service, we must take steps to make sure it never happens again.

This piece of legislation brought to the floor of the Senate creates a nine-member oversight board. The purpose of that board and its duties is to oversee the administration, the management, the conduct, to provide some assistance and some guidance and some additional management, to make certain that we never again convene a hearing and hear of abuses by IRS agents of the American taxpayers. In short, this legislation, in many ways, is an attempt to restore credibility by restructuring the Internal Revenue Service and creating an oversight board.

The two goals, it seems to me, are: One, to make the changes necessary to make certain that this behavior never again occurs, and to prevent this kind of taxpayer abuse from surfacing again, because we want to prevent it from ever happening again; No. 2, to enforce the tax laws so that the many citizens in America who pay their taxes will have some confidence that the few who try to avoid them will be required to meet their responsibility. Those are the two elements that are important here.

The amendment offered by the Senator from Florida would strike from the nine-member oversight board the Treasury Secretary. I agree with the Senator from New York, who says that this board will not be a significant and important board unless it has as part of its membership the Secretary of the Treasury. Part of it is about accountability, but part of it is about whether or not this will be a significant oversight board. I believe very strongly

that the membership on this board is going to contribute to the effective workings of the Internal Revenue Service, but it must include the Treasury Secretary.

For all of the reasons I think that have been articulated by others who have spoken before, let me just again say that I hope we will defeat this amendment and I hope we will pass this underlying piece of legislation with a very significant vote today.

I must say as well, I regret opposing an amendment offered by my friend from Florida, for whom I have the greatest respect. I know he supports the purpose of this bill, to give assurance to the American people that we have an agency that can do what we expect a tax collection agency ought to do, while at the same time protecting the rights of all the American people.

I will vote against this amendment but will be pleased to vote for the underlying bill.

Again, I commend Senator ROTH and Senator MOYNIHAN for the work they have done to bring this to the floor of the Senate.

I yield back the remainder of my time.

Mr. MOYNIHAN. Mr. President, my friend will not mind adding Senator GRASSLEY and Senator KERREY, whose work on the original Commission brings us here today.

Mr. MACK. Mr. President, my intention now is to make a few closing remarks, and then I am prepared to yield back the remainder of my time and go to a vote.

Mr. KERREY. How much time remains on this side?

The PRESIDING OFFICER. 27 minutes 28 seconds.

Mr. KERREY. I think I will go for about 27 minutes and yield back 28 seconds.

Mr. President, 30 seconds, and then I will yield it all back.

Likewise, I have great respect for the Senator from Florida. I believe his amendment is well intended but, if it is accepted, it will significantly weaken this board. This board needs to be more than advisory; it needs to have a sufficient amount of authority and power when it meets with Congress and we pay attention to it. If it advises and works with the IRS Commissioner, the IRS Commissioner, as well, listens and pays attention.

So, this amendment will weaken the board. I understand what the Senator from Florida is trying to do, but I hope this amendment will be defeated.

I yield back the remaining time.

The PRESIDING OFFICER. The Senator from Florida.

Mr. MACK. I appreciate the kind comments that my colleagues have made in their disagreement over the amendment I offer today.

Let me go to the heart of the matter as I see the argument that the Senators are making. What they are saying is that this oversight board, in essence, has no authority without the Secretary of the Treasury. I fundamentally disagree with that. The power comes from the law, not the presence of the Secretary. The authority is written into the legislation that is before the Senate today. Having the Secretary of the Treasury on that Commission does not add power. In fact, I say it reduces the power of the taxpayer, which is the intention behind, at least from my perspective, the oversight board.

The reason we need an oversight board is because there have been decades of inadequate oversight by the people empowered to oversee the IRS—Commissioners, Secretaries, Presidents, and Congresses. The entire purpose of the oversight board is to provide to private citizens, to taxpayers, some power over the IRS. If the Secretary of the Treasury is on the board, his oversight power is not enhanced but the power of the private citizens on the board will be diluted.

There is no guarantee that the staff of the board will be of any size at all. My fear would be that they might be detailees from the IRS and from the Treasury.

It is not very realistic to assume that the private sector members of the oversight board can escape the dominance of the Treasury Secretary.

There is one last argument I will respond to and then yield the floor. Should the Secretary be on the board so the board has the advantage of his knowledge and access to information? Nothing prevents the Treasury Secretary from submitting his views to the oversight board. It should be expected that the oversight board will consult with the Treasury Secretary. Input from within the Treasury Department is already guaranteed by the Commission's representation on the board.

I think the amendment that I have offered and the perspective that I have argued, frankly, have great power. I hope my colleagues on both sides of the aisle will support this amendment.

I yield back the remaining time. I believe the yeas and nays have been called for.

The PRESIDING OFFICER. They have not been ordered.

Mr. MACK. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Hawaii (Mr. AKAKA), is absent because of a death in the family.

The PRESIDING OFFICER (Mr. GORTON). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 40, nays 59, as follows:

[Rollcall Vote No. 124 Leg.]

YEAS—40

Abraham	Gramm	McConnell
Allard	Grams	Murkowski
Ashcroft	Grassley	Nickles
Bond	Gregg	Roberts
Brownback	Hatch	Roth
Burns	Helms	Sessions
Campbell	Hutchinson	Shelby
Coats	Hutchison	Smith (NH)
Coverdell	Inhofe	Smith (OR)
Craig	Kempthorne	Thomas
DeWine	Kyl	Thompson
Enzi	Lott	Thurmond
Faircloth	Mack	
Frist	McCain	

NAYS—59

Baucus	Feingold	Lieberman
Bennett	Feinstein	Lugar
Biden	Ford	Mikulski
Bingaman	Glenn	Moseley-Braun
Boxer	Gorton	Moynihan
Breaux	Graham	Murray
Bryan	Hagel	Reed
Bumpers	Harkin	Reid
Byrd	Hollings	Robb
Chafee	Inouye	Rockefeller
Cleland	Jeffords	Santorum
Cochran	Johnson	Sarbanes
Collins	Kennedy	Snowe
Conrad	Kerrey	Specter
D'Amato	Kerry	Stevens
Daschle	Kohl	Torricelli
Dodd	Landrieu	Warner
Domenici	Lautenberg	Wellstone
Dorgan	Leahy	Wyden
Durbin	Levin	

NOT VOTING—1

Akaka

The amendment (No. 2372) was rejected.

Mr. BOND. Mr. President, I move to reconsider the vote.

Mr. KERREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Missouri.

AMENDMENT NO. 2373

(Purpose: To improve electronic filing of tax and information returns)

Mr. BOND. Mr. President, I rise today to offer an amendment which I offer for myself and my colleague, Senator MOSELEY-BRAUN, to improve electronic filing of tax and information returns. Working with the manager of the bill, I believe we have an agreement on the amendment.

Mr. President, I send the amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. If there is no objection, the pending amendment will be set aside and the clerk will report.

The legislative clerk read as follows:

The Senator from Missouri [Mr. BOND], for himself and Ms. MOSELEY-BRAUN, proposes an amendment numbered 2373.

Mr. BOND. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning on page 256, strike line 11 and all that follows through line 18, and insert the following:

"(a) IN GENERAL.—It is the policy of Congress that—

"(1) paperless filing should be the preferred and most convenient means of filing Federal tax and information returns,

"(2) electronic filing should be a voluntary option for taxpayers, and

"(3) it should be the goal of the Internal Revenue Service to have at least 80 percent of all such returns filed electronically by the year 2007."

On page 258, line 12, strike "and Government Reform and Oversight" insert "Government Reform and Oversight, and Small Business".

On page 258, line 14, strike "and Governmental Affairs" insert "Government Affairs, and Small Business".

On page 258, line 19, strike "and".

On page 258, line 21, strike "such goal." and insert "such goal; and".

On page 258, line 21, insert the following:

"(4) the effects on small businesses and the self-employed of electronically filing tax and information returns.".

Mr. BOND. Mr. President, I rise today with an amendment, which I offer for myself and my colleague, Senator MOSELEY-BRAUN, to improve electronic filing of tax and information returns. After working with the managers, I believe we now have an agreement on this amendment, and I send that amendment to the desk.

The bill we are now considering contains far-reaching provisions that will encourage the Internal Revenue Service to expand the use of electronic filing. My amendment improves those provisions in two ways. First, my amendment makes it absolutely clear that electronic filing of tax returns should be voluntary—not another burdensome government mandate on American taxpayers. While the bill calls on the IRS to make electronic filing the "preferred and most convenient means for filing," it also establishes a goal of 80 percent electronic filing of tax returns by 2007. Without a clear statement of congressional intent, it will be too easy for the IRS to interpret those provisions as requiring electronic filing by certain taxpayers or in certain circumstances.

As the Chairman of the Committee on Small Business, I have heard over the past 2 years from hundreds of small businesses about a similar government mandate—the Electronic Federal Tax Payment System or EFTPS. Under the statute establishing this system, the Treasury is required to collect certain percentages of tax electronically each year. To implement that requirement, the IRS established thresholds based on a business' past employment tax deposits. Regrettably, the IRS established the thresholds to serve its convenience rather than the taxpayer's. As a result, it now appears that far more taxpayers are required to pay their taxes electronically than the law requires.

While EFTPS deals with electronic payment of taxes, as opposed to filing of tax returns as we are addressing in this bill, it is a clear example of how the intent of Congress can be misinterpreted and result in an onerous mandate, in this case on America's small businesses. My amendment cuts that misunderstanding off at the pass. As the IRS develops new programs and procedures for electronic filing, they must not be forced down the throats of the country's taxpayers. If they are truly convenient and cost effective, taxpayers will volunteer in droves to file their tax returns electronically, just as they have with the IRS' TeleFile program. And those taxpayers who, for one reason or another, decide that electronic filing is not practical, should be permitted to continue filing paper returns.

Second, my amendment expands the reporting requirements under the bill to ensure that the IRS pays particular attention to electronic-filing issues pertaining to small business. The bill currently requires that the Treasury Secretary, the IRS Commissioner, and the advisory group on electronic filing to report annually to the Congress on the progress made in expanding the use of electronic filing.

I commend the distinguished Chairman of the Finance Committee for including representatives of small business on the advisory group as I proposed. My amendment capitalizes on that small business voice, by requiring that the report to Congress include an analysis of the effects of electronic filing on small enterprises. If we are to prevent another burdensome program like EFTPS, I believe we must require the IRS to focus on how electronic-filing programs will affect small business. It will be of little benefit to the government if new electronic-filing programs include new requirements, like a substantial investment in new equipment, since most small businesses will not be able to participate. In addition, if the IRS pays particular attention to the issues facing small businesses in this areas, the agency will be better equipped to market and promote the benefits of electronic filing—a 100 percent improvement over the agency's initial efforts to encourage small firms to use EFTPS.

I fully endorse the intent of this legislation to make electronic filing widely available, cost effective, and an attractive option. My amendment fine tunes the bill to ensure that the intent becomes a reality. With the continuing advances in technology, we have an enormous opportunity to make all taxpayers' lives easier. But with technological advances comes the risk of imposing even more burdens on taxpayers, and Congress must make sure that these improvements are not implemented at the expense of the taxpayers, and especially the small businesses, who are expected to benefit from them. My amendment is designed to achieve that goal.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I congratulate the distinguished Senator on his amendment. It has been cleared on both sides of the aisle. I think it better states the policy of Congress and I urge its adoption.

The PRESIDING OFFICER. Are there further remarks? The Senator from Nebraska.

Mr. KERREY. Mr. President, the amendment has been cleared on this side as well. It is a good amendment and I appreciate the fine work of the distinguished Senator from Missouri.

THE PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 2373) was agreed to.

Mr. BOND. Mr. President, I move to reconsider the vote.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Texas.

AMENDMENT NO. 2374

(Purpose: To expand the shift in burden of proof from income tax liability to all tax liabilities)

Mr. GRAMM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. If there is no objection, the pending amendment will be set aside. The clerk will report the amendment of the Senator from Texas.

The legislative clerk read as follows:

The Senator from Texas [Mr. GRAMM] proposes an amendment numbered 2374.

Mr. GRAMM. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 265, between lines 21 and 22, insert:

"(4) EXPANSION TO TAX LIABILITIES OTHER THAN INCOME TAX.—In the case of court proceedings arising in connection with examinations commencing 6 months after the date of the enactment of this paragraph and before June 1, 2001, this subsection shall, in addition to income tax liability, apply to any other tax liability of the taxpayer."

Mr. GRAMM. Mr. President, this is a very simple amendment. We have a provision in the bill, a very important provision, that sets up a set of criteria where, if the taxpayer meets a test of keeping prudent records and of turning those records over to the IRS on a timely basis, that once that transfer of records has occurred and the other requirements have been met, then the burden of proof shifts to the Internal Revenue Service when someone is accused of having violated the IRS code

by not being in compliance on their income taxes.

This was a provision that was included in the bill under the leadership of the chairman. We, I think, generally wanted to extend it to all tax cases but because of revenue constraints we were unable to do it. I have constructed this amendment in a fashion which does permit the expanded burden of proof transfer. It delays the expansion for 6 months and sunsets it at the end of 5 years, so it fits within the revenue cap we have.

I believe that once we provide this protection that we will end up not taking it back or allowing it to expire. I think this is an important protection, because on gift and estate issues, we have the same problem as income taxes, where the Internal Revenue Service enters into a dispute with the taxpayer and, in a system unlike any other system in American society, under existing law, you are guilty until you prove yourself innocent.

This amendment would simply say that if you keep all the records that a prudent person could be expected to keep, and if you turn those substantiation records over to the Internal Revenue Service so there is no question about the fact that you have shared the information you have with them, at that point the burden of proof shifts from the taxpayer to the IRS not only in cases dealing with income tax disputes but in all other types of tax cases as well.

I hope this amendment will be accepted. I have discussed it with both sides of the aisle. I believe it is strongly supported. It does fit within the budget constraint we have in the bill, so I commend this to my colleagues.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, both of these amendments are good amendments. I urge their adoption. I appreciate very much the burden of proof amendment. I think it is very important it apply to all income, and I appreciate the fine work the distinguished Senator from Texas has done.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I, too, congratulate the distinguished Senator from Texas for this amendment. It was our desire that this burden of proof be extended to all types of taxes. I urge the adoption of the amendment.

THE PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 2374) was agreed to.

Mr. KERREY. Mr. President, I move to reconsider the vote.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

AMENDMENT NO. 2375

(Purpose: To prohibit Government officers and employees from requesting taxpayers to give up their rights to sue)

Mr. GRAMM. Mr. President, I send another amendment to the desk.

The PRESIDING OFFICER. Without objection, the pending amendment will be set aside, and the clerk will report the amendment of the Senator from Texas.

The legislative clerk read as follows:

The Senator from Texas [Mr. GRAMM] proposes an amendment numbered 2375.

Mr. GRAMM. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 370, between lines 18 and 19, insert:

SEC. 3468. PROHIBITION ON REQUEST TO TAXPAYERS TO GIVE UP RIGHTS TO BRING ACTIONS.

(a) PROHIBITION.—No officer or employee of the United States may request a taxpayer to waive the taxpayer's right to bring a civil action against the United States or any officer or employee of the United States or any action taken in connection with the internal revenue laws.

(b) Exceptions.—Subsection (a) shall not apply in any case where—

(1) a taxpayer waives the right described in subsection (a) knowingly and voluntarily or

(2) the request by the officer or employee is made in person and the taxpayer's attorney or other federally authorized tax practitioner (within the meaning of section 7525(c)(1)) is present, or the request is made in writing to the taxpayer's attorney or other representative.

Mr. GRAMM. Mr. President, in the hearings that we held in the Finance Committee, over and over again taxpayers, who made compelling cases that they had been abused by the IRS, told us that in response to their efforts to try to stop what they considered to be unfair treatment—whether it was seizure of their home or their business or being accused of things they claim not to have done—one thing that they were consistently required to do by the IRS in order to end the dispute, even though the Internal Revenue Service may have turned up no wrongdoing, was to sign a statement whereby the taxpayers gave up their right to sue the IRS for the abuses that had been imposed on them.

I have talked to Commissioner Rossotti. He has said that he has no objection to this amendment. In addition, my staff has met with the staff of the Treasury Department, and they have suggested some changes which we have made.

Basically, what this says is that if I am in a dispute with the Internal Revenue Service, they can't force me, as part of that dispute, to give up my rights. At the end of the process, if I have done nothing wrong, they can't force me to give up my right to sue them if I feel my rights have been violated.

They can notify my attorney that this is something that could be part of the negotiation. I can voluntarily propose that if we can settle the case today, for example, I would be willing to pay so much and give up this right. But what this amendment does is prohibit the Internal Revenue Service from forcing this provision as part of any settlement. I think it is an important protection.

With these changes, it is my understanding it is supported by my colleagues and I hope it can be accepted at this point.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, again, I congratulate the Senator from Texas for offering the amendment. This addresses a question that became very clear in our hearings last week that it was a serious problem.

It is my understanding this has been cleared by both sides of the aisle. I urge its adoption.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, I also support this amendment. The Senator from Texas has carefully drafted this amendment to make certain that the waiver of the right to sue can still be granted. It is a very important provision in all kinds of negotiations, not just with the IRS. The Senator from Texas drafted it so that right is still preserved, but it just can't be coerced. It can't be coerced.

The IRS supports this amendment. They do not believe it is going to have any impact on the capacity to reach agreements with taxpayers or get noncompliant taxpayers to comply. I urge its adoption.

The PRESIDING OFFICER. Is there any further debate on the amendment? If not, the question is on agreeing to the amendment.

The amendment (No. 2375) was agreed to.

Mr. GRAMM. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. KERREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KERREY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

U.S. POLICY AND THE MIDDLE EAST PEACE PROCESS

Mr. BYRD. Mr. President, I commend the courage and decisiveness displayed by President Clinton and the Secretary of State, Ms. Albright, in attempting to get the Arab-Israeli negotiations back on track. The attacks by some in the other body are disappointing and not helpful. If there has been coercion and strong-arming or unreasonable tactics on the matter of negotiations between Israel and the Palestinians over the last year or so, Mr. President, in my judgment, it has not been on the part of the United States.

The unfortunate reality as I view it, is that the Israeli Prime Minister has pursued a policy of paralysis in the peace process. I think it is unwise for any responsible American leader to suggest that this practice should continue, and the United States should not intervene to get the negotiations underway again in a meaningful way. The Israeli Prime Minister has traveled to Washington before, totally empty-handed, with no proposal for moving the negotiations forward. In so doing, he has catered to the forces working against progress. He has embarrassed the United States, and all who have supported a peaceful constructive resolution of the issues on the table regarding Israeli and the Palestinians. It is no wonder, given his track record on the negotiations since he became Prime Minister, that the administration has seen fit to require some assurance that another visit to Washington will produce something more than empty rhetoric and more stonewalling. I cannot support more strongly the position of Secretary Albright, that if the Israeli Prime Minister is unwilling to accept some moderate specific American proposals for progress on the West Bank that there is not much point in another fruitless trip to Washington, which might further inflame the situation in the Middle East.

As to the Israeli Palestinian problem, Mr. President, it has always taken three to tango. All parties, the United States, the Palestinians and the Israelis must want the negotiations to move forward, and it is only through compromise that success can be achieved. The United States has used its good offices to broker the negotiations and has burnished substantial financial resources to ensure the stability of Israeli on an unstinting basis. Any one of the parties can derail the negotiations and so it is a measure of the tremendous difficulty the United States has had with the Netanyahu government that the administration has felt it necessary to take specific steps to get the negotiations back on track.

Therefore, Mr. President, I commend the President for this initiative in the interests of getting the negotiations jump-started. I hope that cooler heads will prevail and that all Americans will see the wisdom of supporting a reasoned but decisive approach to the negotiating effort.

Mr. President, I yield the floor.

INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998

The Senate continued with the consideration of the bill.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

AMENDMENT NO. 2376

(Purpose: To provide for the termination of employment of IRS employees for willful failure to file income tax return or threatening an audit for retaliatory purposes)

Mr. GRAMM. Mr. President, I have one final amendment. I am a little bit hesitant to consume further time so I shall be brief.

I remind my colleagues, we held hearings in the Finance Committee after we wrote the initial bill, and issues arose in those hearings that we want to address in this amendment. I understand that it has been approved by both sides of the aisle.

Basically, we have in the bill a list of offenses for which an employee of the Internal Revenue Service may be terminated. In light of concerns that have arisen since we had the bill before the committee, I want to add two offenses to the list.

One has to do with testimony we heard where members of the Internal Revenue Service were said to be threatening to audit people for personal gain. We heard an assertion that a police officer had stopped an IRS agent and was going to write him a ticket, and the IRS agent allegedly had told the officer that if he wrote the ticket, he was going to get audited.

The second provision has to do with a knowing and willful failure of an IRS agent to file a tax return or pay taxes or declare income. Both of these fit, I think, perfectly into the list of very strong offenses that we have in the bill.

I send the amendment to the desk.

The PRESIDING OFFICER. Without objection, the pending amendment will be set aside. The clerk will report the amendment of the Senator from Texas.

The legislative clerk read as follows:

The Senator from Texas [Mr. GRAMM] proposes an amendment numbered 2376.

Mr. GRAMM. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 253, line 13, strike "and".

On page 253, line 17, strike the end period and insert a comma.

On page 253, between lines 17 and 18, insert:

(8) willful failure to file any return of tax required under the Internal Revenue Code of 1986 on or before the date prescribed therefor (including any extensions), unless such failure is due to reasonable cause and not to willful neglect,

(9) willful understatement of Federal tax liability, unless such understatement is due to reasonable cause and not to willful neglect, and

(10) threatening to audit a taxpayer for the purpose of extracting personal gain or benefit.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, again, this amendment addresses a serious problem that came out during the hearings held by the Finance Committee last week.

It is an important change in the law. And I compliment the Senator for propounding it. At the appropriate moment I will urge its adoption.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, the National Restructuring Commission included this provision in our bill. It is in the House bill, or at least provisions in it that dictate that an employee who does a number of things would be automatically terminated.

What the Senator from Texas has done is identified some additional things that ought to be on the list and once again has carefully drawn it—I believe the language is "willful" and—what was the other word, I ask the Senator? "Willful" and "intentionally."

This would not be a situation where an individual accidentally underpays taxes or misses a deadline or something like that. This is a much higher standard, a much more difficult standard. And I think it is a quite reasonable provision to add to the list of things that would force and require automatic termination.

In general, this legislation is attempting to change the culture by saying here are some things that, if you do it, there are going to be severe penalties. This is obviously a severe penalty. Punitive damages for damages, we have an expanded right for legal fees.

What we are trying to do is change the culture so that there is a new seriousness given to actions taken by the IRS. And all of us understand the penalty needs to be sufficient to meet the offense. I think the amendment of the distinguished Senator from Texas is a reasonable one and I urge its adoption.

Mr. GRAMM. I thank you.

The PRESIDING OFFICER. Is there further debate on the amendment?

The question is on agreeing to the amendment No. 2376.

The amendment (No. 2376) was agreed to.

Mr. GRAMM. I move to reconsider the vote.

Mr. KERREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I have two amendments that have already been discussed by the senior Senator from Idaho, Senator CRAIG. Both amendments have been cleared on both sides of the aisle.

AMENDMENT NO. 2377

(Purpose: To require disclosure to taxpayers concerning disclosure of their income tax return information to parties outside the Internal Revenue Service)

Mr. ROTH. The first amendment I will offer would require disclosure to taxpayers concerning disclosure of their income-tax return information to parties outside the Internal Revenue Service.

The PRESIDING OFFICER. Is the amendment at the desk?

Mr. ROTH. I send the amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment. And by unanimous consent, the pending amendment is set aside.

The legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH] for Mr. CRAIG, proposes an amendment numbered 2377.

Mr. ROTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Insert in the appropriate place in the bill the following:

SEC. . DISCLOSURE TO TAXPAYERS.

Section 6103(d) of the Internal Revenue Code of 1986 is amended by adding at the end thereof a new paragraph to read as follows:

"(6) DISCLOSURE TO TAXPAYERS.—The Secretary shall ensure that any instructions booklet accompanying a general tax return form (including forms 1040, 1040A, 1040EZ, and any similar or successor forms) shall include, in clear language, in conspicuous print, and in a conspicuous place near the front of the booklet, a concise description of the conditions under which return information may be disclosed to any party outside the Internal Revenue Service, including disclosure to any State or agency, body, or commission (or legal representative) thereof.".

Mr. ROTH. As I indicated earlier, this amendment has been cleared on both sides of the aisle.

Mr. KERREY. Mr. President, it is a good amendment, and I urge its adoption.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, without objection, the amendment is adopted.

The amendment (No. 2377) was agreed to.

AMENDMENT NO. 2378

(Purpose: To limit the disclosure and use of federal tax return information to the States to purposes necessary to administer State income tax laws)

Mr. ROTH. Mr. President, the second amendment of Senator CRAIG would limit the disclosure and use of Federal tax return information to the States to purposes necessary to administer State income-tax laws.

I send the amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment. By unanimous consent, the pending amendment is set aside.

The legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH] for Mr. CRAIG, proposes amendment numbered 2378.

Mr. ROTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 394, before line 16, add a new item (6) to read as follows:

"(6) the impact on taxpayer privacy of the sharing of income tax return information for purposes of enforcement of state and local tax laws other than income tax laws, and including the impact on the taxpayer privacy intended to be protected at the federal, state, and local levels under Public Law 105–35, the Taxpayer Browsing Protection Act of 1997."

Mr. ROTH. I further note that this amendment has been cleared on both sides of the aisle. It is a good amendment. I urge its adoption.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, this is a good amendment, and I also urge its adoption.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, without objection, the amendment is agreed to.

The amendment (No. 2378) was agreed to.

Mr. KERREY. I move to reconsider the vote.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENTS NOS. 2365 AND 2366, WITHDRAWN

Mr. ROTH. Mr. President, I ask unanimous consent to withdraw amendment No. 2365 and amendment No. 2366.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments (Nos. 2365 and 2366) were withdrawn.

Mr. LEAHY. Mr. President, I ask unanimous consent to be able to proceed for up to 4 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRIBUTE TO ARTHUR GIBB

Mr. LEAHY. Mr. President, I have come to the floor of the Senate many times to speak about my native State of Vermont and to say how very special it is. One of the reasons that it is so special is not only the people who are born there but some of the extraordinary people who come to Vermont and have made Vermont their home and have improved Vermont while there.

One person who we revere in Vermont is Arthur Gibb. Art Gibb served as a leader in the State legislature, one of the strongest voices in the Republican Party for environmental concerns in Vermont, and he is well respected by Republicans and Democrats alike for all he has given to the State.

Recently, Christopher Graff, chief of the Vermont Associated Press Bureau, wrote an article about Art Gibb as he turned 90. Mr. Graff says things about Art Gibb far better than I. But it is such a good profile of such a special Vermonter that I ask unanimous consent the article about my good friend, Art Gibb, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Burlington Free Press, Apr. 12, 1998]

ART GIBB: A SPECIAL STATE LEADER, LAW MAKER

(By Christopher Graff)

Take a stroll through the Statehouse and peek at the portraits lining the walls. Governors, lieutenant governors, military leaders.

Among all the paintings in the Statehouse collection are just three portraits of legislators.

One is of Edna Beard of Orange, the first woman to serve in the House. She was also the first to serve in the Senate.

The second is of Reid LeFevre of Manchester, a House member starting in the 1940s who was the most colorful lawmaker of all times. LeFevre was chairman of the House Ways and Means Committee and in his off time ran King Reid Shows, a traveling carnival that he once brought to the House chamber.

The third portrait is of Art Gibb, a legend in his own time.

Gibb's large portrait fills part of a wall off the House chamber. He is shown sitting outside and most of the painting is a wonderful, colorful landscape, with flowers, fields and mountains.

It is revealing that the portrait is more about Vermont's beauty than about Gibb.

The Weybridge Republican turns 90 this week, still bustling with energy and a passion for keeping Vermont special.

Gibb sits on the state Environmental Board, settling the sticky questions of who gets to build what where.

It is a fitting place for him. He fathered the pioneering state law that created the Environmental Board and the process of keeping development in check.

It is a great story, one that serves as a reminder of the special breed of leaders Vermont has enjoyed and the state's ability to meet head-on the problems that destroy others.

Gibb was elected to the House in 1962. He was serving on the tax-writing committee of the House when a vacancy opened in the chairmanship of the House Natural Resources Committee.

Gibb asked House Speaker Richard Mallary if he could have it—and Mallary agreed.

The outdoors enthusiast was placed in a critical role at a critical time.

A few years later newly elected Gov. Deane Davis realized southern Vermont was under siege from eager developers who cared solely about profit.

Davis turned to Gibb—the governor later described Gibb as "a man of great personal charm . . . (who) was well-known for his judicial and fair-minded temperament"—and asked him to lead a special commission to examine the problem. Out of the Gibb Commission came the framework for Act 250, passed in 1970 and still a vital part of Vermont.

Gibb says the issues that come to the board these days are ones no one imagined when Act 250 was drawn up, like snowmaking for ski areas and the siting of communications towers.

Gibb says he has seen and done a lot in his years, but of one thing he has never had any doubts. Act 250 has played a crucial role in saving what makes Vermont special.

"It leads to responsible development," he says. "When you think of the irresponsible development we had in 1969 . . . Thank God for Act 250."

As Art Gibb turns 90, we thank him for Act 250 and thank God for Art Gibb.

TRIBUTE TO JOHN ADAMS

Mr. LEAHY. Mr. President, many of the times I have spoken about Vermont, I have talked about the fact that in small cities and towns everybody knows everybody else. We are a State of neighbors, from the stores on the corner to the places of worship and our town squares.

Recently, the Burlington Free Press wrote an article about John Adams. He has spent 40 years fitting shoes and boots and footwear for the people of Burlington, VT, and its surrounding areas.

When they were writing this article, it brought back to my wife and myself the memories of going into that same store with John Adams with our young children, lining them up, getting their shoes. Those children are all grown now. And John Adams is still there. He is still one of the reasons why I love my home in Burlington and why Vermont always has been and always will be home.

I ask unanimous consent that an article from the Burlington Free Press, dated Sunday, April 19, 1998, entitled "Shoe Biz" be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Burlington Free Press, Apr. 19, 1998]

SHOE BIZ

(By Melissa Garrido)

John Adams remembers when Oldsmobiles rolled down Church Street. He recalls the days when ladies strolled by the shops in matching handbags, hats and high heels. And he can't forget the time Abernethy's department store gave away mink scarves for its 105th anniversary in 1951.

Burlington's main drag has changed since then. One thing hasn't changed: People are still wearing the wrong shoes.

"You could see where the wrinkle is on his shoe. It's in the wrong spot—he's wearing his shoe too big," said John Adams, peering over his square glasses at a man in clunky sneakers hoofing past his store, Adams Boots & Shoes.

Adams, 73, has been selling shoes on upper Church Street for more than four decades. To him, the street is the heart of Vermont. He made his best friends and found prosperity here. He watched Abernethy's endure a fire and remembers when expensive leather shoes cost $15.

As businesses came and went, Adams' customers grew out of Stride Rites into Florsheim Royal Imperials. He has outlasted almost every other entrepreneur on Church Street.

"I've had the privilege of going from the old days to the new days," Adams said in his raspy voice. A quiet man, Adams sometimes winds up when he tries to make a point, and uses his hands to recount a story.

"I saw . . . (Church Street) transform into the Marketplace," he said. "Every time they put a brick down, it was a step toward another year."

FIRST STEPS

Adams' shoe career began in the 1950s, when he quit his job installing radio and television towers around the United States for a construction company. He felt the job was too dangerous a way for a husband and father to earn a living.

In the late 1950s, he landed a position as a shoe clerk with the Massachusetts-based Dennis Shoe Company, which rented retail space at Abernethy's, the old Vermont landmark on the corner of Church and Pearl streets.

"I didn't ask how much it paid," he said. "I just came up to work."

Adams had no clue he would remain in the foot business until the turn of the century.

In 1983, a year after Abernethy's closed, Adams relocated the Dennis Shoe Co.'s operation to Almy's in the University Mall. In 1984, the shoe company moved back downtown into the Gladstone building, but went out of business the same year. Adams bought the small store and renamed it Adams Boots & Shoes.

"I was excited about it," Adams said. "But I still wasn't my own boss. The customers were the boss; they still are."

In 1996, he moved across the street, back into the original Abernethy's building on upper Church Street, to make room for the Eddie Bauer store.

"The store has been his life," said Adams' 46-year-old son David, a senior vice president at Vermont National Bank. "It's what keeps him going."

"All he does is talk about the store," he said.

PERSONAL TOUCH

With a shiny shoe horn tucked in his back pocket, Adams bent down and pressed the outer edge of Alex Brett's foot to feel the girth of a shoe. He tugged on the tongue, poked at the space between the 11-year-old's big toe and the tip of the shoe, and squinted as he examined the vamp.

"I like the way this one feels better," Adams told Alex's father as he squeezed the sides of the left 8½ oxford.

"Which one feels better?" he asked the boy.

"The left."

Adams tossed his hands in the air and grinned: "I might be old, but I can still tell the difference."

The shoe store owner still runs his business the old-fashioned way.

He special-orders shoes, calls his elderly female customers "young gals," and he never lets customers put on and take off their own shoes.

"There's nothing that irritates me more than a clerk who watches a customer put on a shoe," said Adams, who calls himself a shoe fitter, not a shoe salesman. Unlike the average part-time shoe clerk, he brings a formal education in fitting shoes to his trade.

Decade after decade, his customers return, first with their children, then with their grandchildren. They come for his personal service and his expertise in fitting children's shoes.

For Sen. Patrick Leahy, the shoe fitter is part of his fondest memories from his days as a Burlington prosecutor in the 1960s. Leahy used to buy shoes from Adams for his children when they were in grade school. Leahy remembers when Adams would line the three up and measure their feet with a cold, metal Brannock, a device used to gauge the size and width of a foot. "He never lost his patience even when the youngest one was squirming," Leahy said.

"In an impersonal world, it's kind of nice to walk in somewhere and not only do you know the person in the store, but they know you and actually care," he said, "We still have places like this in Vermont, and that's why it will always be home."

SLOWER PACE

These days, Adams is trying to stay in business as the mom and pop shops are replaced by franchises. The four blocks of Church Street between Main and Pearl Streets have become a melange of tourists toting shopping bags, students in backpacks heading into bars, and downtown employees grabbing a quick bite to eat.

"I have no intentions of giving up, and I don't intend to retire," Adams said.

Business trends do not shock the entrepreneur.

"Everyone is concerned about Wal-Mart and the other stores. I'm not a lover of the big-box stores, but they do bring in an extra 5,000 people.

"That just means we have to work a little bit harder," he said.

Like the business in his store, Adams is slowing down.

A couple of years ago, he was diagnosed with cancer. Though he says he has "licked it," he doesn't like to talk about the ailment that keeps him away from his customers about one day a week—not even to his employees.

"I can't wait to go to work the next morning, because you have your mind on other people," Adams said. "You forget the aches and pains."

Aches and pains brought Jan Lawrence of Williston to Adams about 30 years ago. Her daughter was having foot problems, and a Barre doctor suggested she take her to Adams to have her feet fitted properly.

"You spend anything you want on clothes," said Lawrence, 52, "but never gyp on a shoe, because you'll have foot problems later on in life."

Today, Lawrence buys her shoes from only Adams.

"You are important to John at all times," she said. "Even when he is not feeling well, he does his best to serve you and your needs."

As Adams moves toward the millennium, he is adamant about remaining a part of Church Street. The shop owner is eager to see new stores like Filene's sprout in downtown and lure customers. He hopes a new department store might rekindle the heyday of Abernethy's.

"It was a lot more fun in those days than it is today," Adams said. "It was a slower

pace back then. Everyone is always in a rush today."

Mr. LEAHY. Mr. President, I thank the distinguished Senator from Delaware for his usual courtesy. I see the Senator from Iowa, so I will not suggest the absence of a quorum. I yield the floor.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I ask unanimous consent to have the floor to speak for a few minutes as in morning business.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

HOME HEALTH INTEGRITY PRESERVATION ACT OF 1988

Mr. GRASSLEY. Mr. President, yesterday, I introduced Senate Bill 2031, the Home Health Integrity Preservation Act of 1998. I am pleased that Senator BREAUX cosponsored this bill. This legislation will be an important tool in combating the waste, fraud and abuse that has threatened the integrity of the Medicare home health benefit.

Although the majority of home health agencies are honest, legitimate, businesses, it is clear that there have been unscrupulous providers. Last July, the Senate Special Committee on Aging, which I chair, held a hearing on this topic. The hearing exposed serious rip-offs of the Medicare trust fund, and highlighted areas that need more stringent oversight.

In response to the hearing, Senator BREAUX and I followed up with a roundtable discussion on home health fraud. The roundtable brought together key players with a variety of perspectives. Participants included law enforcement, the Administration, and the home health industry.

The roundtable yielded a number of proposals which were shaped into draft legislation and circulated to a wide variety of stakeholders. In response to comments, the draft was changed to address legitimate concerns that were raised. The result is a balanced piece of legislation that includes important safeguards against fraud and abuse of the system, but does not stifle the growth of legitimate providers.

The Home Health Integrity Preservation Act of 1998 would do the following:

It would modify the surety bond requirement in the BBA so that only new agencies need to obtain surety bonds. Because HCFA's surety bond rule goes far beyond Congress's intention to keep bad providers from entering Medicare, many existing agencies with no history of fraud have been unable to obtain bonds. This provision would force HCFA to return to Congress's original intention. It also reduces the amount of the bond needed to $25,000.

It would heighten scrutiny of new home health agencies before they enter the Medicare program, and during their early years of Medicare participation.

It would improve standards and screening for home health agencies, administrators and employees.

It would require audits of home health agencies whose claims exhibit unusual features that may indicate problems, and improve HCFA's ability to identify such features.

It would require agencies to adopt and implement fraud and abuse compliance programs.

It would increase scrutiny of branch offices, business entities related to home health agencies, and changes in operations.

It would make more information on particular home health agencies available to beneficiaries.

It would create an interagency Home Health Integrity Task Force, led by the Office of the Inspector General of Health and Human Services.

It would reform bankruptcy rules to make it harder for all Medicare providers, not just home health agencies, to avoid penalties and repayment obligations by declaring bankruptcy.

This legislation is an important step in ensuring that seniors maintain access to high quality home care services rendered by reputable providers. I urge my colleagues to join me in this effort by cosponsoring this important legislation.

FINDING THE FUDGE FACTOR

Mr. GRASSLEY. Mr. President, based on recent remarks by the President, I don't know whether to laugh or cry. If the story as reported is true, it is an unfortunate commentary. In a recent meeting with religious leaders, Mr. Clinton asked them to withdraw their support for a legislative effort to hold countries to account that engage in religious persecution. Mr. Clinton, it seems, does not like legislation that imposes sanctions. Well, that's not precisely right. What he does not like is sanctions that he didn't think of. When he wants sanctions on Iraq, for example, he is all for sanctions. But when it comes to other issues he cares less about, well, suddenly he finds them unwelcome.

What are some of these? Well, he doesn't like mandatory sanctions for violations of human rights. He objects to sanctions to stop the spread of nuclear weapons. He is not partial to sanctions on countries that persecute people for their religious beliefs. And he finds the idea of sanctions on countries that do not do enough to stop the traffic of illegal drugs to the United States burdensome. In a flight of candor with the religious leaders, he allows as how it is difficult to be honest in assessing another country's behavior if sanctions might be involved. "What always happens," he says, "if you have automatic sanctions legislation is it puts pressure on whoever is in the executive branch to fudge an evaluation of the facts of what is going on."

That is refreshingly frank. It is also disturbing. When I look up "fudge" in the dictionary, this is what it tells me the word means: to fake; to falsify; to exceed the proper bounds or limits of something; to fail to perform as expected; to avoid commitment.

If I am to believe these remarks, what the President is saying is that his Administration finds it necessary to falsify the facts; to avoid commitment; to fake information. His Administration finds it difficult to be honest when it comes to telling the Congress and the public what other countries are doing on critical issues. I guess the question we need to ask now is, what is the fudge factor in the various reports this Administration has submitted on these issues? We need to know this for past reports. And we need to know what this factor is in order to properly evaluate future assessments.

The reason we need to know this is for what the President's comments suggest. If we believe this report, the President is telling us that his Administration finds it necessary to be less than candid when it comes to enforcing the law. Now, I know that many Administrations do not like the idea that Congress also has foreign policy responsibilities. Many Administrations have fought against sanctions for this or that issue they did not think of.

They have also fought for sanctions when it was their idea. What is of concern here is the admission that this Administration fights shy of telling the truth in situations where it does not approve of the sanctions. It fudges the facts, presumably, even though the President has the discretion, in law, to waive any sanctions for national security reasons. This then is a candid admission that it enforces the laws it likes and fudges those it does not. I find this disturbing.

Perhaps the Administration could explain just why it needs to fudge the facts on drug certification, for example. What drug certification requires is that the President assess what other countries are doing to help stop the production and traffic of illegal drugs. This means assessing what they are doing to comply with international law. To make a judgment about what they are doing to live up to bilateral agreements with the United States.

And to account for what these countries are doing to comply with their own laws. The certification law gives the President considerable flexibility in determining whether these activities meet some minimally acceptable standards. He is not required to impose sanctions unless he determines, based on the facts, that a country is not living up to reasonable standards. And he can waive any sanctions. This gives the Administration a great deal of latitude. I have defended this flexibility. I

have argued that just because the Congress and the Administration disagree, honestly, over an assessment, it does not mean that the facts are not honest. Or that the judgment is dishonest. But these recent remarks open up another concern. If the facts are fudged, however, just how are we to determine what to make of the judgment that follows?

And what is the occasion for employing the fudge factor? What is it being avoided or dodged? What the certification law and many of these others that require sanctions ask for is not terribly complicated or outlandish. They express the expectation of the Congress and of the American public that countries live up to certain responsibilities. And more, that failure to do so involves consequences. This is, after all, the expectation of law and of behavior in a community of civilized nations. The want of such standards or the lack of consequences reduces the chances for serious compliance with international law or the rules of common decency. Are we really to believe that respect for these standards and consequences are to be discarded because their application is inconvenient? Because they reduce some notion of flexibility? That we only have to enforce or observe the laws we like? What a principle.

I for one do not intend to live by such a notion. I will also from now on be far more interested in knowing just what the fudge factor is in assessments from the Administration. I hope my colleagues will also be more demanding.

INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998

The Senate continued with the consideration of the bill.

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. MURKOWSKI. Mr. President, as a member of the Senate Finance Committee, I rise in strong support of this legislation which is going to overhaul the agency that is probably more feared by Americans than any other single agency—the IRS.

Mr. President, at the Finance Committee hearings that began last September and ended last week, the American public heard some chilling testimony—testimony of an agency that is simply out of control and an agency that is unaccountable. Some say it was designed that way. Well, in a democracy, there is no place for the type of Gestapo tactics that we have seen. We have seen in the hearings and in the testimony that harassment, retribution, and abuse apparently have been condoned in some areas of the IRS for some time.

Mr. President, when the GAO attempted to audit the IRS last year, it found that the systems the IRS had put in place were designed to ensure that there is no way—no way—for IRS personnel to be held accountable for their erroneous actions. There is no way to determine how many times the Internal Revenue Service has made a mistake in sending out a collection notice, and there is no way to determine how many complaints have been received. In effect, the managers at the IRS set up the system so that no one can trace improper behavior. There are no paper trails, there are no records.

Mr. President, there is simply no accountability. The lack of accountability and the arrogance among some that pervades the IRS was best summed up last week when Tommy Henderson, a special agent and former group manager of the IRS's Criminal Investigation Division office in Knoxville, testified. He told the committee:

> IRS management does what it wants, to whom it wants, when it wants, how it wants, and with almost complete immunity. Each district director and chief appears to operate from his own little kingdom.

Well, there are no kingdoms in this country, Mr. President. Anyone at the Internal Revenue Service who thinks he or she is above the law ought to be summarily fired. No one enjoys paying taxes, but no one in this country should fear the agency that is charged with the collection of taxes. Yet, we have learned that frightening taxpayers is certainly a tactic that is often used by the Internal Revenue Service.

Last week, Robert Edwin Davis, a former Deputy Assistant Attorney General in the Tax Division at the Justice Department, told the committee that IRS criminal agents use violent and sometimes fearful tactics against nonviolent taxpayers. He told the committee of a raid by 10 armed IRS agents on the home of a woman at 7:30 in the morning. The 10 armed agents came into her house and searched throughout the house. What were they looking for? Illegal drugs? Firearms? Unreported cash? No. Well, then, why were 10 armed agents searching her home? They were trying to appraise the value of the furnishings in the house because the Internal Revenue Service believed the executor of the woman's deceased grandmother's estate had undervalued the furnishings for estate tax purposes. Can you believe that, Mr. President?

The person who ordered that armed raid should have been fired. This is America, not Nazi Germany.

Mr. President, several current IRS employees had the courage to come forward during the hearings held in the Finance Committee. I want to commend Senator ROTH for calling those hearings. As a member of that committee, I was deeply moved by the testimony of the witnesses that he and the staff had generated.

Again, several current IRS employees did have the courage to come forward. They described situations where revenue officers, with management approval, used enforcement to "punish" taxpayers instead of trying to collect the appropriate amount of money for the Government. One told the committee that IRS officials browse tax data on potential witnesses in Government tax cases and on the jurors sitting on those Government tax cases.

We learned last week that one rogue agent, trying to make a reputation for himself, tried to frame a former Republican leader of this body, Senator Howard Baker—at that time, he was a sitting Senator from Tennessee and the majority leader—and when a responsible IRS manager tried to stop the agent, the agency retaliated, not against the agent, but against the manager.

Those are the types of actual situations the committee focused on.

Mr. President, lest I be overcritical, I am well aware of the dedicated people in the Internal Revenue Service who are doing an appropriate job in carrying out the duties that they must perform in service to the IRS as well as the country.

Mr. President, Commissioner Rossotti has a tough job. If he is going to change the culture of the IRS, he is going to have to have some new tools and support by the Congress. This bill will give him some of those tools that he needs to get that job done. For example, the bill gives him the authority to fire an IRS employee if he fails to obtain required approval for seizing a taxpayer's home or business asset. Further, an IRS agent will be fired for providing a false statement or destroying documents to conceal mistakes.

The bill creates an independent board to review and recommend changes to enforcement and collection activities of the IRS. I believe the committee made a mistake in placing the Treasury Secretary and the IRS employee representative on this board, and I am disappointed that the Senate did not remove those two individuals from that board. This should be a board that is made up of people who can act with real independence on behalf of honest taxpayers. It should not represent the interests of the Government or the employees of this agency.

We have set up a truly independent Taxpayer Advocate to resolve taxpayer disputes with the IRS. This is a much-needed change, since we learned last year that the current Taxpayer Advocate, in reality, faces a conflict of interest because the people who rotate through this office are often called upon to make judgments on the people in the agency who can promote the individual after he rotates out of the advocate's office.

Now, in the area of computer-generated property seizures, like we had in my State of Alaska, some 800 permanent fund dividend seizure notices that

were issued last September should never, ever happen again, because IRS employees are going to have to have signed approvals before attempting to seize property.

And for the first time, a taxpayer will be able to appeal seizures all the way into Tax Court.

We've made sure that IRS won't be able to harass the divorced woman for her ex-husband's cheating. I want to express my concern that it appears the Administration does not support the proportional liability provision we've included for innocent spouses.

Last week, Assistant Secretary for Tax Policy, Donald Lubick was quoted as saying the Administration cannot support our plan to provide innocent spouse relief. When I read the story about this comment, I asked my staff to obtain a copy of Mr. Lubick's speech but was informed there was no text for the speech. It is my hope that Mr. Lubick was not speaking for the Administration, since according to one study, there are 35,000 innocent women who must contend with attempts by IRS to collect on debts that they are not responsible for.

In addition, we've added a rule suspending interest and penalties when the IRS does not provide appropriate notice to taxpayers within one year of filing. This ensures that delays by IRS, which can sometimes go on for years, will not benefit IRS by stacking penalties and interest on taxpayers who may have unwittingly made a mistake on their returns.

Finally, we've changed the burden of proof in cases coming before the Tax Court. This is a long overdue change. When American citizens go into a court, they should be presumed innocent, not guilty until they can prove their innocence. That principle is enshrined in our Constitution and must apply in tax cases as well as any other cases.

Mr. President, as I said earlier, the culture at the IRS must change. This bill makes very important changes that should give the American public more confidence that if they make a mistake on their tax returns, they will be treated fairly by their government and not subjected to threats and harassment.

But this bill is just a first step. As I have indicated, there are certain portions with which I am not satisfied. I think it is incumbent on the Finance Committee to hold the agency accountable for implementing what is in this bill. More oversight is needed because it is only through oversight that we can hold this agency accountable to the American public.

Mr. President, I thank the Chair. I yield the floor.

Seeing no other Senator, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KERREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERREY. Mr. President, I ask unanimous consent to be able to speak as if in morning business to introduce legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERREY. I thank the Chair.

(The remarks of Mr. KERREY and Mr. KENNEDY pertaining to the introduction of S. 2049 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. NICKLES. Mr. President, I wish to thank the Chairman of the Senate Finance Committee and his staff for working closely with Senator BAUCUS, Senator HUTCHISON, and me on language in this bill to protect the trade secrets and confidential information of software publishers and their customers. The Senate IRS bill is far stronger than the House bill on these issues, and we appreciate the Chairman's efforts. To ensure fair and adequate implementation of this legislation, I would like to clarify our intent with regard to some of its provisions.

First, this bill confirms that, in an IRS summons enforcement proceeding involving software, courts have the authority to issue "any order necessary to prevent the disclosure of trade secrets and other confidential information" with respect to software. I believe this authority is inherent in the existing powers of the judiciary in summons enforcement proceedings, and that our legislation simply reaffirms this authority with respect to the proceedings involving software. Mr. President, this clarification would make clear that the court can also issue orders to protect confidential taxpayer information associated with the software.

Secondly, the legislation currently provides that "the Secretary will make a good faith and significant effort to ascertain the correctness of an item" prior to issuance of a summons for software source code. It is my belief that a good faith and significant effort requires that the IRS conduct a thorough review of the taxpayer's books, records, and other data, including the issuance of Information Document Requests and following-up those requests appropriately. This clarification would make certain that source code should be summoned as a last resort only.

Mr. ROTH. Mr. President, I appreciate and concur with the comments of the Senator from Oklahoma.

Mr. BAUCUS. Mr. President, I too thank the Chairman for his work on these issues. I am concerned that the Senate bill contains a provision, Section 7612(b)(3) that makes it easier for the IRS to gain access to software source code in the event that a taxpayer refuses to provide his own financial data to the IRS. Since the sofeware publisher can neither provide this data themselves, nor compel a taxpayer to provide it, I believe this provision is unnecessary. The bill should not punish a third-party software company when the IRS fails to use those tools against an uncooperative taxpayer. I hope the Chairman will reconsider this issue in conference.

Mrs. HUTCHISON. Mr. President, I agree with my colleagues that the Senate Finance Chairman has produced an excellent bill which will help protest software companies and their customers from intrusive IRS audits.

I would ask the Chairman to consider the issue of whether or not to extend the same requirements for non-disclosure and non-complete agreements to IRS employees as this bill requires of outside consultants.

Mr. ROTH. I thank the Senator from Montana and the Senator from Texas for their comments, and I will certainly look at these issues as this legislation moves to conference with the House.

Mr. REED. Mr. President, I rise in support of H.R. 2676, the Internal Revenue Service Restructuring and Reform Act of 1998. This bill is the product of an extensive examination of the IRS that began with the June 1997 release of a report by the National Commission on Restructuring the Internal Revenue Service, and ended with recent Finance Committee hearings on taxpayer abuse by the Internal Revenue Service (IRS).

I am pleased that H.R. 2676 incorporates a number of key recommendations from the National Commission's report, such as IRS restructuring and the establishment of an Oversight Board. I believe restructuring the IRS will enable the agency to meet the particular needs of taxpayers such as individuals, small businesses, large businesses, and tax-exempt organizations, and be more responsive to each group's particular concerns.

In addition to incorporating recommendations from the Commission report, the bill includes provisions to address taxpayer abuse and mismanagement practices by IRS that came to light during the Finance Committee's hearings. I was, along with most other Americans, very disturbed by the anecdotes of taxpayer abuse that were presented at the hearings. To the extent that H.R. 2676 will address these problems, I am very pleased to support the bill.

Notwithstanding my strong support for many of this bill's provisions, I do have concerns about its projected cost of $19.3 billion over 10 years. Mr. President, this is triple the cost of the House-passed version of H.R. 2676. Although the bill includes offsets which purport to make the bill revenue-neutral, these offsets are a ticking time

bomb that will explode beyond the 10 year budget window. For example, a provision modifying IRA rollover rules will raise $8 billion between 2003 and 2007. However, this provision will cost the Treasury a yet-to-be determined amount of revenue after 2007. I find it difficult to vote on a proposal that we know will be costly in the long-term, without having a definitive sense of its budgetary impact.

When coupling the rollover provision with provisions included in the Taxpayer Relief Act that are phased-in through 2007, such as capital gains tax cuts, "back loaded" IRAs, and estate tax cuts, it becomes clear that there will be significant pressures on the federal budget after 2007. I believe that these provisions could seriously compromise maintenance of a balanced budget. In addition, these provisions could greatly complicate our efforts to address the long-term solvency issues associated with the Social Security and Medicare Trust Funds.

Finally, Mr. President, I have concerns that the bill could compromise the ability of the IRS to carry out its core mission—enforcement of the Internal Revenue Code. For example, the enhanced appeal provisions in the bill may unintentionally make it easier for noncompliant taxpayers to avoid paying the appropriate taxes. Similarly, I am concerned that shifting the burden of proof in certain circumstances will undermine enforcement efforts and have the unintended consequence of making audits more intrusive.

Mr. President, while I am supportive of H.R. 2676, I am hopeful that we can work in Conference to address the concerns that I have raised, which are share by the Administration. Ultimately, I believe it is possible to pass a strong IRS restructuring bill that can address taxpayer concerns, without busting the budget or undermining the mission of the IRS.

Mrs. BOXER. Mr. President, I support the IRS Restructuring and Reform Act of 1998. This bill, when fully implemented, will achieve 3 important objectives:

First, it will greatly benefit the American taxpayer who, all too often, has been the victim of overzealous and rogue IRS agents, has been caught, through no fault of his own, in a nearly impenetrable bureaucratic morass, or has received poor and discourteous service from IRS employees.

Second, the bill will significantly reorganize IRS management and provide the IRS Commissioner with new authority over IRS employees.

Third, the bill establishes an IRS Oversight Board, comprised of private citizens, the Secretary of the Treasury and a union representative, which will oversee the IRS in administration, management, conduct, and direction. I believe, however, those provisions which most directly benefit the American taxpayer are the real crux of this bill.

We need effective reforms which restore public confidence in an agency which touches the lives of more people in this country than any other agency. I believe the establishment of a "National Taxpayer Advocate" will provide a significant step toward restoring such confidence.

The National Taxpayer Advocate, who will have a background in customer service and tax law, as well as have experience representing individual taxpayers, will be one of the most important and critical links between taxpayers and the IRS. Significantly, the National Taxpayer Advocate will not be an IRS employee and cannot have been an IRS employee within two years of his or her appointment. This two year limitation will help ensure the independence that taxpayers who avail themselves of the Advocate's Office expect and deserve.

As I travel through my home state of California, the most frequent complaints I hear from Californians regarding the IRS are: (1) the difficulty they have receiving assistance resolving problems with the IRS, and (2) the difficulty they have receiving guidance from the IRS relative to their specific tax question or concern. I believe the establishment of a National Taxpayer Advocate, as well as the creation of a system of local taxpayer advocates, will greatly enhance the ability of taxpayers, in my home state and around the country, to receive the assistance and guidance they seek.

Innocent Spouse relief is another provision of the bill that will directly benefit taxpayers. An "innocent spouse" is one—usually a wife—who signs a joint tax return not knowing that the information contained therein, provided by the other spouse, is erroneous. While relief from liability for tax, interest and penalties is currently available for innocent spouses, that relief is only available in certain limited and narrow circumstances.

The bill before us, however, would directly impact taxpayers by modifying current law to permit a spouse to elect to limit his or her liability for unpaid taxes on a joint return to the spouse's separate liability amount. I believe this change will greatly enhance the ability of an innocent spouse to establish his or her innocence.

The final "taxpayer friendly" provision of the bill I will mention is the creation of low-income taxpayer clinics. This provision will ensure that low-income taxpayers, and taxpayers for whom English is a second language, receive tax services at a nominal fee. Such clinics are essential if low-income taxpayers, and taxpayers who have minimal English proficiency are to be represented in controversies with the IRS.

This provision is particularly important in my home state. According to the 1990 Census, California is home to approximately 2.7 million individuals who speak little or no English. Thus, about 35 percent of all individuals in the U.S. who are non-English speaking reside in California—almost twice the percentage of those non-English speaking persons that reside in Texas and almost three times the number that reside in New York. In addition, California is home to more immigrants—2 million—than any state in the country. It is important, therefore, that we provide these taxpayers with the help they need to be tax compliant.

Mr. President, taxpayers that come into contact with the IRS, whether they are merely asking questions or whether they are attempting to resolve a disputed claim, should be treated in a fair, respectful and courteous manner. Unfortunately however, we have heard all too often over the past months, of many instances in which IRS employees treated taxpayers rudely, abruptly, and yes, at times so abusively that the offending employee's action could only be called criminal.

While such actions cannot and should not be imputed to all IRS employees, the overwhelming majority of whom are honest and hardworking, it is important to weed out any employee, even if it is only one, who engages in abusive behavior toward law abiding taxpayers. Taxpayers deserve better.

In closing, Mr. President, I am very pleased to support this bill today and I hope that it is only the beginning of Congress' commitment to making the IRS more user friendly, improving the management of the IRS and streamlining an overly complex tax code.

Mr. KEMPTHORNE. Mr. President, no longer is there any doubt that Congress must audit the Internal Revenue Service.

The hearings that have recently been held in the Senate Finance Committee have brought out under the glare of public scrutiny what many taxpayers already know from personal experience: the IRS needs reform. We have been made aware of incidents of flagrant, unbridled abuse of government authority which until now were known only to the victims of an agency that has expanded far beyond its intended size and scope and is clearly guilty of violating the public's trust.

While these problems have been successfully highlighted by the Finance Committee, I would like to take just a moment to reiterate some of the more glaring examples of IRS abuse:

Former Senate Majority Leader Howard Baker was victimized by an IRS agent in Tennessee who, in an attempt to advance his own bureaucratic career, tried to frame Baker of money-laundering and bribery charges. After the agent was exposed, IRS authorities, rather than engaging in a reform effort to root out similar abuses in the future, tried to cover up for the rogue official.

IRS agents, armed with automatic weapons and attack dogs, raided John Colaprete's business after a former bookkeeper, who had embezzled $40,000, leveled bizarre and unsubstantiated allegations. Again, the charges were completely unfounded and none were filed.

Robert Gardner was subjected to a 33 month investigation that involved the IRS engaging in activities including the seizure of his office property, feeding lies to a grand jury, and attempts to compel Mr. Gardner's clients to wear hidden microphones.

I know from personal experience the problems the IRS can pose for hard-working Americans. For an agency that the American people give a significant portion of their money over to, customer service is not a top priority. In February of 1996, for example, Mr. and Mrs. Robert Wiester of Orofino lost their home and outbuildings when Big Canyon Creek flooded. On their federal income tax return, they justly claimed a casualty loss, although their tax preparer put the loss on the wrong line of their 1040 form. The IRS then refigured their return and, instead of the $1,206 refund the Wiesters were due, the IRS claimed that they owed the government $15,885 in tax, interest, and penalties. Within five months, the IRS contacted Mr. and Mrs. Wiester saying that a levy was going to be placed on their property. After numerous fruitless calls to the IRS, the Wiesters contacted my office, and after I wrote the IRS six times, the Wiesters' problem was finally rectified, nearly ten months after the simple error on the 1040 form was made.

This type of behavior is no longer acceptable. The Senate will shortly pass the IRS Restructuring and Reform Act, which will fundamentally overhaul the agency and make comprehensive, meaningful steps toward reform. The bill: creates an IRS oversight board to oversee every aspect of IRS operations; holds IRS employees accountable for their actions by requiring the agency to terminate employees who violate rules; suspends interest and penalty payments when the IRS does not provide appropriate notice to taxpayers; shifts the burden of proof from the taxpayer to the IRS in legal proceedings; makes it illegal for Executive Branch officials, such as the President, to audit people; creates new performance standards for IRS employees so that they are no longer ranked on collection goals; expands awards for attorney's fees and civil damages to taxpayers; expands attorney-client privilege to accountants; and requires a greater notification process for the IRS to place liens, levies, or seizures on taxpayers's property.

I believe that this legislation is a meaningful step to reform the tax culture in Washington. Once the new majority took control of Congress in 1994, a three-step process has been implemented to fundamentally change the Washington tax culture: (1) Reduce the collection, (2) reform the collector, and (3) replace the complexity. I am proud to say that this Congress has passed the largest tax cut in American history as part of the first balanced budget in a generation. I have supported all of these measures, and will look forward to supporting legislation that will substantially "reform the collector" and provide the American people with a fair, just, and responsive IRS.

Mr. ABRAHAM. Mr. President, I rise today in strong support of reforms to our Internal Revenue Service.

As I'm sure my colleagues are aware, recent Senate Finance Committee Hearings have brought to our attention the harrowing stories of American citizens victimized by over-zealous IRS agents.

These agents, often on the flimsiest of evidence, have bent and sometimes broken rules intended to protect citizens from abuse—rules that clearly must be strengthened and more effectively enforced in order to protect Americans' freedom and peace of mind.

In my view, Mr. President, the most harrowing stories related during Finance Committee hearings are made all the more troublesome because of clear evidence that they are horrible examples of widespread practices.

As one agent testified last fall, "Abuses by the IRS * * * are indicative of a pervasive disregard of law and regulations designed to achieve production goals for either management or the individual agent."

The use of quotas and statistics used as performance standards for advancement within the IRS pit agents against taxpayers at great risk to individual liberties and good order.

It is time to put an end to the adversarial relationship between the IRS and the taxpayer. And there is only one way to properly accomplish that task: by reforming and restructuring the IRS to make it more service oriented and to ensure that it no longer disregards the fundamental rights of American citizens.

I would like today to give special attention to one situation I believe has caused a great deal of undue hardship to many Americans: I mean IRS regulations holding innocent people responsible for the tax liabilities of their ex-spouses.

In this regard, Mr. President, I would like to relate one all-too-telling anecdote: Elizabeth Cockrell came to this country from Canada over 10 years ago, when she married an American. Unfortunately, her marriage, to a stockbroker, lasted only 3 years. Since the marriage broke up, she has concentrated on raising her child while holding down a job and strengthening her roots in the community.

Imagine Ms. Cockrell's surprise when, 9 years after she and her husband had been divorced, the Internal Revenue Service informed her that she owned it $500,000.

It seems Ms. Cockrell's ex-husband had taken some deductions for tax shelters that the IRS had disallowed. This made him initially liable for $100,000. But time had passed and the IRS had been unable to collect from him. So Ms. Cockrell, who had nothing to do with her husband's business and did not help figure out the taxes, was now being hounded for $500,000. Why? Because she signed a joint tax return.

And it turns out that even $500,000 is not enough for the IRS. With new interest and penalties, the IRS now wants $650,000.

Ms. Cockrell has fought and tried to settle, all to no avail. But she is not alone.

Take for example the case of Karen Andreasen. Ironically, Ms. Andreasen was married to a former IRS employee.

Imagine her surprise, after their divorce, when she found out that her ex-husband, who had handled all of their financial affairs, had been forging her signature on joint returns.

Imagine her shock and dismay when, even though she had no income for the years in question, the IRS came after her for her husband's tax liability. Ms. Andreasen has now been paying off the debt for years, and still has a tax lien on her house.

Mr. President, cases like these are all too common. The General Accounting Office estimates that every year 50,000 spouses, 90 percent of them women, are held liable in the same way as Ms. Cockrell and Ms. Andreasen.

These women, most of them working moms struggling to make ends meet, for the most part had nothing to do with the income or accounting over which the IRS is pursuing them. And, as of now, they have no legal resource.

The Supreme Court just recently dismissed Ms. Cockrell's legal appeal, in which she claimed that innocent spouses should not be held liable for income they did not earn.

We cannot let this decision stand. That is why I support a provision in this legislation that would say clearly a person can only be held liable for the income that he or she has earned and failed to properly report.

Under this provision, every American would remain liable for his or her own taxes. No tax cheats would be let off the hook. But innocent parties, men and especially women who had no part in filing any false claims with the IRS beyond signing their name to a joint return, would no longer be held liable.

No longer would ex-wives be made to pay for the mistakes and/or misdeeds of their ex-husbands.

No longer would the IRS be allowed to victimize innocent people merely on account of a former marriage.

There are hundreds of thousands of women out there just like Elizabeth

Cockrell and Karen Andreasen. They deserve our support and protection against an over-reaching IRS.

This is a crucial provision, in my view Mr. President. But it is only one of a number of provisions that must be taken to stop the IRS from pushing its agents to pursue cases to the detriment of American's fundamental rights.

It is my hope that all of my colleagues will see the necessity of protecting the people from federal employees who are hired to provide a needed service to the public, but who have been given no license to intimidate or violate their rights.

This legislation is an important step in our attempt to bring the IRS under control. However, I think it is crucial to note that we will not be able to put an end to our problems with the IRS unless we reform and simplify the tax code.

Only by making the code simpler, flatter and more fair can we reduce the role of the IRS in the taxpaying process. We must keep in mind, in my view, that many of our current problems are the predictable results of decades of bad tax policy, and that it is up to us to reverse these policies as soon as possible.

Mr. President, a recent USA Today poll found that 69 percent of Americans believe the IRS "frequently abuses its powers." Fully 95 percent believe the tax code isn't working and must be changed. And who can blame them? The current tax code is 5.5 million words long, it includes 480 tax forms, and 280 publications explaining those forms.

By instituting fundamental tax reform, establishing one low marginal rate with fewer loopholes, by designing a tax form the size of a postcard, we can eliminate the huge IRS bureaucracy and many of the headaches people experience in filing their taxes every year.

Once we take the necessary steps toward IRS reform included in this bill, Mr. President, I urge my colleagues to move on to fundamental reform of our tax code in the name of fairness, of efficiency, and of the rights of the people of the United States.

Mr. HATCH. Mr. President, today we will cast one the most important votes of the 105th Congress. We will vote on reforming the Internal Revenue Service.

Of all the powers bestowed upon a government, the power of taxation is the one most open to abuse. As the agency responsible for implementing and enforcing the tax laws that we here in Congress pass, no other agency touches the lives of American citizens more completely than the IRS.

I believe that Americans understand and appreciate that they have to pay taxes. Without their tax dollars, there would be no defense; no Social Security, Medicare, or Medicaid; no environmental protections; no assistance for education or job training; no national parks, food inspection, or funds for highway and bridges.

But, everywhere I go in Utah, I hear from my constituents about their frustrations. My office receives numerous letters each month detailing taxpayer interactions with the IRS. It seem that everyone has had, or knows someone who has had, a bad experience with the IRS.

The stories range from small annoyances such as unanswered phones or long periods of time spent on hold to shocking abuses such as unwarranted seizures of assets or criminal investigations being based on false information for the purpose of personal revenue. It is small wonder that the taxpayers are scared and frustrated. These stories illustrate a disturbing trend. They are dramatic reminders of the failure of Congress to exercise adequate oversight over a federal agency.

I have been here long enough to know that we are never going to be able to achieve a system where people do not get frustrated about paying their taxes—both the process of paying taxes and the amounts. Let's face it: paying taxes is not something we will ever enjoy doing.

We must, however achieve a system of collection that is efficient, fair, and, above all, honest. Unfortunately, throughout the hearings we have held over the last several months and in the letters my office has received from constituents from my state of Utah and all over the country, we know that the current system often fails on these counts.

We have heard several horror stories from taxpayers, innocent spouses, IRS employees, and those who have been the subjects of criminal raids and investigations. While these are the minority of the cases dealt with by the IRS, they still illustrate that serious abuses are occurring.

We are not talking about appropriate enforcement of the law. We are talking about heavy-handed abuses of enforcement powers. At best, such tactics are counterproductive; at worst, it is reprehensible behavior by big government. It must stop.

The bill before us today gives the IRS Commissioner great flexibility to carry out a fundamental reorganization of the agency. But, it also places the IRS under an independent, most private-sector board to oversee the big picture of operations at the agency. These are two very important elements to creating a new culture of the IRS: responsible leadership and accountability.

I commend the new Commissioner for the steps he has taken so far to rectify these problems at the IRS, and I encourage him to keep going. And, I hope he will not feel constrained by "business as usual" attitudes among those who have an interest in maintaining the current methods. I hope the new Commissioner will shake any dead wood out of the tree.

But Mr. Rosotti needs to know that Congress will hold him and the agency accountable. And, our expectations—and the expectations of the American people—are not hard to fathom.

We do not expect tax delinquents or cheats to go undetected or unpenalized. But, we do expect the IRS to enforce our tax laws appropriately. We expect the IRS to assist taxpayers to understand and comply with complicated laws and regulations. We expect taxpayers to be treated courteously . We expect taxpayers' questions to be answered promptly and their returns processed efficiently. And, we expect any penalties to fit the crime.

Today, we will vote on a bill that takes a leap forward in eradicating a culture that has allowed corruption and abuse to occur over and over again and to taint the efforts of honorable IRS employees. There has been a lot of talk about changing the IRS into a service-oriented agency, and the bill before us goes a long way towards doing just that. We cannot stop there, however.

While customer service is an important part of the equation, we must go further and address taxpayer rights. The bill before us goes one more step forward and will reform the penalty system, provide taxpayer more protections from unwarranted seizures, and make the IRS more accountable for the actions of its agents.

This bill goes further than the legislation passed by our counterparts in the House last fall. The Senate legislation expands key aspects to grant taxpayers additional protections. The Senate bill adds protections that allow spouses to choose proportional liability, award attorney's fees in more cases, require that the IRS specify to an individual the details of any penalty imposed and suspend interest and some penalties if the IRS does not provide notice of liability within one year after a return is filed.

The bill would add several provisions dealing with the due process of taxpayers including a requirement that the IRS notify taxpayers 30 days before a notice of federal lien, levy, or seizure is filed; a guarantee that the taxpayer has 30 days to request a hearing by IRS Appeals; and the opportunity for the taxpayer to petition the Tax Court to contest the Appeals decision.

The bill also permits an issuer of tax-exempt bonds to appeal the decision of the IRS through the tax court system. This will help protect the individual taxpayers from having to go to court on an individual basis to fight the IRS determination that a bond issue is not tax-exempt. This is extremely important to those municipalities that issue these bonds. These bonds are issued for tax-exempt purposes, such as to construct schools or build hospitals and

universities. This is a good provision to provide an avenue of appeals for these bond issuers.

The legislation before us today will fundamentally change how the IRS works. It is a necessary and bold set of initiatives. But, we cannot just declare victory and bask in the glow of a job well done. We must remember how we got to this point in the first place.

The IRS was not born evil, and it is not an inherently bad organization. Rather, it has suffered from decades of neglect and inadequate oversight. Once we have set the agency on the road to recovery and given it the tools it needs to move forward, we must continue to guide it and ensure that the agency continues down the right road. We must continue to responsibly exercise our oversight responsibility. We must have continued hearings, reviews, and cooperation. Left alone, any entity with power and authority will lose its way. Without continued oversight and cooperation, we will soon see this debate repeated on the Senate floor.

This legislation can be summed up in one word—accountability. For too long, the IRS and its employees have operated in an environment with little or no accountability. This bill changes all that. The legislation before us makes individual IRS employees accountable for their actions. It makes management more accountable for the treatment given taxpayers and other employees. Finally, it makes the agency as a whole more accountable to the Congress and the American taxpayer.

This debate has focused on the negative—on the abuses and misdeeds that are the exception and not the rule. Just as a vast majority of the taxpayers are honestly trying to comply with the tax code, the vast majority of IRS employees are honest and hard working individuals doing their best in a very difficult and unpopular job.

Yes, abuses do occur, and we must reform the system to prevent improper activities. At the same time, we must make sure that we acknowledge those employees who are doing their jobs with competence and integrity. These employees are the reason that most taxpayers today, even if frustrated by the forms and irritated with the amount of their tax bill, continue to comply.

Is this bill perfect? No. There are some things I would like to see changed. For example, I have some serious concerns about the creation of an accountant-client privilege in this context. I am concerned that we are using the Internal Revenue Code to effectively amend the Federal Rules of Evidence. We have a clear procedure for amending these rules already set out. Changing these rules is no simple matter. It should only be done through careful, deliberate evaluation of the change and the effect it will have on the judicial system. It should only be done with input from the Judicial Conference of the United States and others.

Despite these misgivings, Mr. President, I want to reiterate the importance of the bill before us today. The IRS touchers more taxpayers in more aspects of their lives than probably any other agency. It is an important bill, and we must pass it.

The ultimate goal of reforming the IRS is to protect both the honest taxpayer trying to comply with our complex tax laws and those honest employees struggling to enforce an almost incomprehensible set of tax laws with integrity. The bill before us today makes significant progress toward that goal.

I want to commend Senator ROTH, Senator MOYNIHAN, and my colleagues on the Finance Committee for seeing this bill through. I urge my colleagues to support this legislation.

Mr. JEFFORDS. Mr. President, under the leadership of Chairman ROTH, during this Congress the Finance Committee undertook in-depth oversight of the workings of the Internal Revenue Service. With a week of hearings last year, followed by more hearings just last week, the Senate brought the IRS under scrutiny, and revealed a side of the agency not seen before.

What the Committee found at these hearings was alarming. We heard numerous stories of outrageous action by the IRS, including:

A criminal agent who sought to "make a name" for himself by fabricating charges against prominent public officials;

IRS supervisors who gave preferential treatment to taxpayers represented by former co-workers and to taxpayers represented by accounting firms where the supervisors hoped to work;

IRS reviewers who reversed auditors' recommended tax increases when taxpayers had competent, well-heeled representation, but allowed similar recommendations to go forward when a taxpayer didn't have a representative; and IRS agents who conducted armed raids on businesses, even though there was no reason whatever to suspect violence or resistance.

When an organization has over one hundred thousand employees, I suppose it is not surprising that some people are going to make mistakes. However, the abuses that came to light in the Finance Committee hearings struck a responsive chord with the public. From the mail and phone calls I received, I worry that the problems we heard about are not isolated incidents, but are symptomatic of an agency with real management problems.

The bill adopted by the Finance Committee takes several approaches to address some of these problems. The measure calls for new ways of structuring, managing and overseeing the agency. The bill will ease some of the burdens imposed on taxpayers and gives taxpayers important new rights and protections to assert in their dealings with the IRS. The legislation will help assure that taxpayers understand their rights and that they understand how the tax collection system works. Finally, it makes continued oversight by Congress easier.

One of the most important aspects of this bill is its provision for independent review of IRS actions throughout the examination and collection processes. A recurring complaint heard during the hearings was that the IRS serves as police, prosecutor, judge and jury. This legislation attempts to address that problem by calling for increased review of IRS actions and by erecting walls between the various players in the tax collection process to assure that those reviews are truly independent and not merely a rubber-stamp approval.

Under this measure IRS officers will not be able to seize assets without previous independent review by their supervisors, and taxpayers can even request additional review of collection efforts. To assure the independence of the appeals unit reviewing proposed changes to a person's tax liability, the bill prohibits the appeals officer from having ex parte contact with the tax examiner who proposed the changes. When there are allegations of misconduct, the IRS will no longer investigate itself. Instead, inspections of alleged misconduct will be performed by the Treasury Department. Together with a newly independent Taxpayer Advocate, and a new Oversight Board composed primarily of outsiders, these provisions will assure that actions adverse to taxpayers are not taken without first having a fresh review by an unbiased eye.

New taxpayer rights will also ensure that the IRS conducts reviews to make certain that the positions the agency takes are reasonable. The bill expands the situations in which taxpayers can recover costs incurred in defending themselves against the IRS. Under this bill, if taxpayers hire a lawyer or accountant to represent them before the IRS, and the agency takes an unjustified position that results in no change in tax liability, the taxpayer will be able to recover the costs incurred to fight the IRS, including costs incurred in administrative proceedings. The bill also provides that if the IRS rejects a taxpayer's offer to compromise a tax deficiency, continues to pursue the taxpayer, and ends up recovering less than the taxpayer's offer, the taxpayer can recover costs incurred after the time of the offer.

The IRS has the power to destroy people's lives. These provisions will assure that this power is no longer concentrated in the hands of a single person and make more employees accountable for the agency's actions. The bill will also help ensure that proposed

actions are reviewed for reasonableness.

IRS employees will be forced to take their new responsibilities seriously; negligence in the exercise of their duties could be the basis for a new kind of taxpayer lawsuit.

I want to commend Chairman ROTH for his historic hearings on the IRS. I also want to commend him for not capitulating to calls for quick action on the House-passed bill, when the Finance Committee hearings made it apparent that more sweeping changes were needed. I believe that this bill will go far to restore public confidence in the IRS.

Mr. HELMS. Mr. President, I am grateful to the able Chairman of the Finance Committee (Mr. ROTH), and to the distinguished ranking member (Mr. MOYNIHAN) for their hard work and perseverance in bringing this IRS Reform legislation before the full Senate.

For a very long time, it has been obvious that the Internal Revenue Service has a warped view of its intended role in the lives of Americans. The IRS exists, of course, not to harass any taxpayer or to find new and creative ways to abuse its authority, but to serve the American people who, each year, fill the coffers of the U.S. Treasury.

The recent hearings held by the Finance Committee have made it crystal clear that the Internal Revenue Service is an abysmal failure in carrying out its mission. Frankly, I don't know whether to be more horrified by out-of-control IRS agents pursuing innocent taxpayers out of personal spite or double-dealing senior IRS managers trying to cover up such malicious conduct.

It hardly matters which is worse, because even one abuse of taxpayer rights at and by the IRS is one abuse too many. So I am pleased that Congress is taking this modest action to make sure the worm turns. For the first time in a long time, the Senate appears ready to put the interests of the taxpayer above the demands of the federal bureaucracy for more and more revenue.

And while I support this measure as a first step in the long road toward a more respectful treatment of the hapless American taxpayer, I trust that it is indeed only the beginning, because the root cause of all of the shenanigans at the IRS is the byzantine complexity of a U.S. tax code crying out for reform.

Some years ago—in March of 1982, to be exact— I introduced my initial proposal for a flat tax on income. This proposal, and other flat tax proposals that have followed, would eliminate the huge bureaucracy of the IRS—a bureaucracy whose size and scope make the abuses uncovered by Senator ROTH and the Finance Committee as predictable as they are inevitable.

I believe in the flat tax, and so do, Mr. President, the American people. A Money magazine poll released in January of this year indicated nearly two-thirds of Americans prefer a flat tax to our current system. I salute my colleagues, especially my distinguished friend from Alabama (Mr. SHELBY), for their courage in continuing to make the case for tax simplification.

And lest you think I'm overstating the absolute travesty that is the United State Tax Code, Mr. President, there's something that you and every other American should read. Dan Mitchell, one of the bright young economists who works around the corner at The Heritage Foundation, recently released a paper entitled "737, 734, 941, 858 Reasons. . . and Still Counting: Why a Flat Tax Is Needed To Reform the IRS."

Mr. President, I do not exaggerate in saying that the statistics contained in this paper boggle the mind. Take note with me of just a couple of examples Mr. Mitchell has compiled to detail the economic cost of the tax code:

The private sector spends $157 billion dollars to comply with income tax laws.

The federal government spends $13.7 billion in, yes, taxpayer money to collect—what else?—taxpayer money.

It takes an estimated 5.4 billion hours for Americans to comply with federal tax forms. In fact, the IRS itself estimates that it takes almost 11 hours to fill out a 1040 form.

Then there's the sheer amount of paperwork required every time the law changes. Mr. Mitchell reports the following:

There are 5,557,000 words in the income tax laws and regulations. That's 17,000 pages of paper. And get this: 820 additional pages were added to the tax code by the 1997 budget act.

The IRS sends out an estimated 8 billion pages of forms and instructions to taxpayers annually. For my colleagues who are particularly interested in the environment, they should know that 293,760 trees were needed to supply the paper.

It goes on and on, Mr. President. And I ask unanimous consent that the full text of Mr. Mitchell's paper be printed in the RECORD at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered. (See Exhibit 1.)

Mr. HELMS. Mr. President, the pending legislation in the Senate is obviously not a panacea for everything that is wrong at the Internal Revenue Service. But, as the saying goes, a journey of a thousand miles begins with a single step.

I believe this IRS reform bill is that first step, and I hope that its swift passage by the Senate will help spark the serious debate on tax policy the American people are waiting for. It is my hope—and my belief—that the Senate will begin in the very near future to respond to Americans' desire for real tax relief and real tax simplification.

EXHIBIT 1

[From the Heritage Foundation Backgrounder, April 15, 1998]

737,734,941,858 REASONS...AND STILL COUNTING: WHY A FLAT TAX IS NEEDED TO REFORM THE IRS

(By Daniel J. Mitchell)

Last year, The Heritage Foundation released a publication, "577,951,692,634 Reasons * * * And Counting: Why a Flat Tax Is Needed to Reform the IRS." Since that time, calls to reform the Internal Revenue Service have led to unprecedented hearings in Congress and outcry among the public. In 1997, however, Congress moved away from reform and approved a tax bill that adds even more complexity to the tax code. Because of that bill, as well as Heritage's continued research into the myriad nooks and crannies of the current tax code, 159,783,249,224 new reasons that the Internal Revenue Code should be replaced with a flat tax have come to light, bringing the total number of reasons to 737,734,941,858.

The Internal Revenue Service (IRS) frequently is cited as the most hated of all government agencies. This aversion goes well beyond a simple dislike of paying taxes. Many Americans feel the IRS uses its vast power capriciously to enforce a tax code that is unfair and incomprehensible. Indeed, a 1997 national voter survey finds that the majority of respondents would prefer to undergo a root canal than be audited by the IRS. And a 1990 magazine survey finds that the most frightening words people could imagine hearing when they answer the phone are "This is the IRS calling." Although Americans have every right to be upset by the oppressive tax system, their anger should not be directed at the IRS. The vast majority of problems with the current tax system are the inevitable result of bad tax policy.

The way to reduce the intense popular aversion to the IRS is to enact a flat tax. By wiping out all the complicated, obscure, and convoluted provisions of the current tax code, a flat tax will reduce compliance costs and ease the uncertainty and anguish that make April 15 everyone's least favorite day of the year. In the words of former IRS Commissioner Shirley Peterson, who directed the agency in 1992, "We have reached the point where further patchwork will only complicate the problem. It is time to repeal the Internal Revenue Code and start over." As reported in The Wall Street Journal last year, "A recent survey of 275 IRS workers around the nation, done by a national IRS restructuring commission headed by Senator Kerrey of Nebraska and Representative Portman of Ohio, found overwhelming support within the IRS for simplifying the law."

As the following enumeration demonstrates, almost all the reasons cited for frustration with the IRS really constitute arguments against the tax laws approved by politicians over the past 80 years—and for a fair, simple, flat, tax.

THE FEDERAL GOVERNMENT AS A TAX GOLIATH

The IRS is not only the most feared of government agencies, it also is one of the biggest and most expensive. The agency has more employees than the Central Intelligence Agency, Federal Bureau of Investigation, and Drug Enforcement Agency combined, and its budget makes it a bigger consumer of tax dollars than the Departments of Commerce, State, or the Interior.

THE NUMBERS SPEAK FOR THEMSELVES

New Evidence

12,000=The number of additional IRS employees needed to answer phone inquiries

from confused taxpayers during tax filing season. Because taxpayers will need to know only the amount of their wages and size of their families under a flat tax, additional personnel are not needed.

$1,000=The hourly collection quota placed on IRS agents auditing individual taxpayers in the San Francisco office. Although collection quotas violate the law, the current system is so complex that the IRS assumes mistakes will be found on every return. Errors will be very few under a simple and transparent flat tax.

62,000,000=The number of lines of computer code required by the IRS to manage the current tax code. A simple flat tax will ease the IRS's ongoing computer problems dramatically.

1,420=The number of appraisals of works of art that an IRS panel performed in order to tax the assets of dead people. Because double taxation under a flat tax does not exist, the absurdity of having the IRS value art would disappear with the death (estate) tax.

3,200=The number of threats and assaults IRS agents experience over a five-year period. A fair and simple tax system will reduce taxpayers' frustrations dramatically.

What We Already Knew

136,000=The number of employees at the IRS and elsewhere in the government who are responsible for administering the tax laws. Because the number needed is dictated by the complexity of the tax code, fewer personnel will be needed under a flat tax, and the downsizing of the IRS will save taxpayers a significant amount of money.

13,700,000,000=The amount of tax money spent by the IRS and other government agencies to enforce and oversee the tax code. Both taxpayers and the economy will benefit from the spending reductions made possible by a flat tax.

17,000=The number of pages of IRS laws and regulations, not including tax court decisions and IRS letter rulings. This page count would be reduced significantly by a flat tax.

5,557,000=The number of words in the income tax laws and regulations. With a flat tax, there will be no need for a tax code that is nearly seven times longer than the Bible.

THE IRS PAPER MACHINE

With so many employees, so much money, and such a cumbersome tax code, it should come as no surprise that the IRS is one of the country's biggest paper-pushers.

New Evidence

820=The number of pages added to the tax code by the 1997 budget act. A flat tax will slash it to a fraction of its current size.

250=The number of pages needed to explain just one paragraph in the Internal Revenue Code. A simple flat tax will avoid needless IRS regulation.

271=The number of new regulations issued by the IRS in 1997. By putting an end to constant social engineering, a flat tax will halt the IRS's constant rewriting of the tax rules.

261=The number of pages of regulations needed to clarify the tax code's "arms-length standard" for international intercompany transactions.

569=The number of tax forms available on the IRS Web site. Only two postcard-size forms will be necessary under a flat tax: One for wages, salaries, and pensions, the other for business income.

What We Already Knew

31=The number of pages of fine print in the instructions for filing out the "easy" 1996 1040EA individual tax form. By contrast, individuals will need just one page of instructions to fill out a flat tax postcard.

8,000,000,000=The number of pages in the forms and instructions the IRS sends out every year. Under a flat tax, the postcard-sized forms are virtually self-explanatory.

36=The number of times the paperwork the IRS receives would circle the earth each year. Complexity and paperwork will all but vanish under a simple flat tax that treats all citizens equally.

293,760=The number of trees it takes each year to supply the 8 billion pages of paper used to file income taxes in the United States. A flat tax using two simple postcards obviously will be more friendly to the environment.

1,000,000,000=The number of 1099 forms sent out each year to help the IRS track taxpayers' interest and dividend income. Under a flat tax, business and capital income taxes will be collected at the source, thereby eliminating this paperwork conundrum.

THE IRS BRIAR PATCH

Much to the chagrin of taxpayers, the IRS does not focus solely on generating paperwork. Tasked with enforcing the cumbersome tax code, the agency has numerous unwelcome contacts with taxpayers every year.

New Evidence

33,984,689=The number of civil penalties assessed by the IRS in 1996. Because a flat tax will be so fair and simple, the IRS will have little reason to go after taxpayers.

10,000=The number of properties seized by the IRS in 1996. Part of this problems is caused by the government's trying to take too much money from people, and part is caused by complexity. A flat tax will reduce the government's take and eliminate complexity.

750,000=The number of liens issued by the IRS against taxpayers in 1996. A simple, low flat tax will result in fewer fights between the government and taxpayers.

2,100,000=The number of IRS audits conducted in 1996. Without all the complex provisions in the code under a flat tax, the IRS will have few returns to audit.

85=The percentage of taxpayers selected by the IRS for random audits who had incomes less than $25,000. A complicated tax code benefits the wealthy, who can fight back. A flat tax will be good news for those with more modest incomes.

47=The percentage of taxpayers living in just 11 southern states subject to random audits. Because audits will decline dramatically under a flat tax, so will discriminatory audit patterns like this one.

What We Already Knew

10,000,000=The number of corrections notices the IRS sends out each year. With a simple and fair tax system like a flat tax, mistakes will become rare.

190,000=The number of disputes between the IRS and taxpayers in 1990 that required legal action. In a flat tax environment, there will be few potential areas of disagreement, and legal action will become scarce.

3,253,000=The number of times the IRS seized bank accounts or paychecks in 1992.

33,000,000=The number of penalty notices the IRS sent out in 1994. Because a flat tax will eliminate complex parts of the tax code, the number of disagreements between taxpayers and the agency will plummet.

DO AS THEY SAY, NOT AS THEY DO

The IRS is quite strict with taxpayers who make mistakes, but the following examples illustrate that it would have a hard time living up to the standards imposed on taxpayers.

New Evidence

15=The number of years the IRS believes it will need to modernize its computer system. A simple, flat tax will not require complex computer systems.

1,000,000=The number of Americans who received tax forms with erroneous mailing labels in 1998.

20=The percentage error rate at the IRS for processing paper returns. Even children would be able to process postcard returns under a flat tax.

6,400=The number of computer tapes and cartridges lost by the IRS. Once a flat tax is implemented, these tapes and cartridges could remain lost.

22=The percentage of times reporters for Money magazine received inaccurate or incomplete information in 1997 when calling the IRS's toll-free hot line. To file a return under a flat tax, Americans will need to know only the size of their families and the amount of their wages, salaries, and pensions; they will not need to call the IRS.

40=The percentage of times Money magazine reporters received wrong answers in 1997 in face-to-face visits at IRS customer service offices. A flat tax will be so simple that such mistakes will become almost non-existent.

$800,000,000=The estimated cost to update the IRS's computers for the year 2000. Scrapping the tax code for a flat tax will allow the government to institute a simpler computer system.

500,000=The number of address changes made to correct the master file by IRS employees each year.

78=The percentage of IRS audit assessments on corporations that eventually are disqualified. A flat tax will replace the onerous corporate tax with a simple, postcard-based system.

What We Already Knew

8,500,000=The number of times the IRS gave the wrong answer to taxpayers seeking help to comply with the tax code in 1993 (taxpayers still are held responsible for errors that result from bad advice from the IRS). A flat tax will be so simple that taxpayers rarely—if ever—will need to call the IRS.

47=The percentage of calls to the IRS that resulted in inaccurate information, according to a 1987 General Accounting Office study. A flat tax will free IRS personnel from the impossible task of deciphering the convoluted tax code.

5,000,000=The number of correction notices the IRS sends out each year that turn out to be wrong. An error rate of 50 percent will be impossible under a flat tax.

40=The percentage of revenue that is returned when taxpayers challenge penalties. Under a flat tax, penalties will become rare, so fewer penalties will be assessed incorrectly.

$500,000,000=The amount of money that taxpayers were overcharged for penalties in 1993. After a flat tax goes into effect, such injustice will all but disappear.

3,000,000=The number of women improperly fined each year because they have divorced or remarried. Taxing income at the source under a flat tax will eliminate such travesties.

10,000,000=The number of taxpayers who will receive lower Social Security benefits because the IRS failed to inform the Social Security Administration about tax payments. A simple flat tax is likely to free enough IRS time and resources to fix this problem.

$200,000,000,000=The amount of misstated taxpayer payments and refunds on the books of the IRS. The IRS is no more able to administer tax laws that defy logic than is the

average taxpayer. A flat tax will rectify this problem.

64=The percentage of its own budget for which the IRS could not account in 1993, according to an audit by the U.S. General Accounting Office.

$8,000,000,000=The amount the IRS spent to upgrade its computer system unsuccessfully. Under a flat tax, this money will be saved because the IRS no longer will need to track an impossibly complex and unfair tax system.

$23,000,000,000=The total proposed price for the IRS's computerization and modernization plans by 2008.

BEING COMPLIANT AND MISERABLE ON APRIL 15

Sending huge amounts of tax money to Washington, DC, is never pleasant. Having to incur huge compliance costs for the privilege of paying taxes, however, really rubs salt in the tax wound.

New Evidence

6,400,000=The number of taxpayers who visited IRS customer service centers seeking answers to their tax questions in 1996. With a flat tax, few taxpayers will need help.

99,000,000=The number of taxpayers trying to comprehend the tax system who called IRS hotlines in 1996. So long as a taxpayer knows his income and the size of his family under a flat tax, he will have nothing to worry about.

30 years=The number of years a dispute can last between the IRS and a corporation. Even one-year disputes will be rare under a flat tax.

8,000,000=The increase in the number of taxpayers who will be subject to the alternative minimum tax by 2007. This absurd provision forces taxpayers to calculate their income two ways and then pay the government the higher of the two amounts. It will disappear under a flat tax.

$134,347,500,000=The Clinton Administration's estimate of private-sector compliance costs. If the defenders of the status quo admit compliance costs are this high, the actual costs may well be even higher.

653=The number of minutes the IRS estimates it takes to fill out a 1040 form. A flax tax postcard can be filled out in five minutes.

72=The number of inches of height of the stack of tax forms in the Chrysler Corporation's tax return. A postcard return is only a fraction of one inch in height.

6,000,000=The number of unanswered phone calls made to the IRS in January and February 1998. Considering that answered calls frequently result in mistakes, taxpayers who fail to get through probably should feel lucky.

2,400,000=The number of phone calls to the IRS that resulted in busy signals in January and February 1998. A busy signal is better than a wrong answer because the IRS holds taxpayers liable for mistakes even if they are following IRS advice.

56=The percentage of calls to the IRS in 1997 that went unanswered. Again, no answer is better than a wrong answer.

What We Already Knew

$157,000,000,000=The amount spent by the private sector to comply with income tax laws. Under a flat tax, these costs will drop by more than 90 percent.

$7,240=The average compliance cost incurred by all but the biggest 10 percent of corporations for every $1,000 of taxes paid in 1992. The radical simplification brought about by a flat tax will be a boon for small businesses that cannot maintain legal and accounting staffs to comply with the tax code.

50=The percentage of taxpayers who feel compelled to obtain assistance in filling out their taxes each year.

5,400,000,000=The number of hours it takes Americans to comply with federal tax forms. With only two postcard-sized forms, compliance under a flat tax will require minutes, not hours.

2,943,000=The number of full-time equivalent jobs spent on compliance. In the flat tax world, the cost of tax compliance will fall by more than 90 percent.

$3,055,680,000=The market value of the tax preparation firm H&R Block, Inc., which opposes a flat tax. The company's opposition is understandable because a flat tax will allow anyone to fill out a tax return without paying an expert.

EVEN EXPERTS CAN'T FIGURE OUT THE FORMS

Jumping through all the tax hoops might not be so painful if taxpayers at least could be confident that the effort led to accuracy. The ultimate insult added to their injury, however, is that even "expert" advice is no guarantee of receiving correct answers to tax code questions.

New Evidence

$24,000,000,000=The difference between what corporations said they owed and what the IRS said they owed in 1992—a gap the government admits is due to ambiguity and complexity in the code. A flat tax will eliminate the confusion embedded in the current system.

46=The number of wrong answers Money magazine received in 1998 when it asked 46 different tax experts to estimate a hypothetical family's 1997 tax liability. Professional assistance will not be necessary with a simple, flat tax.

$34,672=The difference in liability between the highest and lowest incorrect answers among the 46 professionals who failed to calculate the tax liability of Money magazine's hypothetical family. Such responses will be all but impossible under a flat tax.

$610=The amount the hypothetical family would have overpaid on its 1997 taxes if it had used the answer that came closest to the actual tax liability (assuming, of course that Money magazine's expert had filled out the tax return correctly). Any mistakes, especially large ones, will be unlikely under a flat tax.

45=The number of professional tax preparers who came up with different answers when asked by Money magazine in 1997 to fill out a hypothetical family's 1996 tax return.

45=The number of professional tax preparers who came up with wrong answers when asked by Money magazine in 1997 to fill out a hypothetical family's 1996 tax return.

76=The percentage of professional tax preparers who missed the right answer by more than $1,000. This kind of result will be impossible under a flat tax.

$58,116=The difference between the lowest estimate of the family's tax bill and the highest estimate in Money's survey of tax professionals. Because the complexities in the tax code will disappear under a flat tax, mistakes like this will, too.

$81=The average hourly fee charged by the professional preparers who came up with the 45 wrong answers. Taxpayers will pay nothing to calculate their own taxes on postcards under a flat tax.

What We Already Knew

50=The number of different answers that 50 tax experts gave Money magazine in 1988 when asked to estimate a hypothetical family's tax liability. Under a flat tax, taxpayers will not need to consult tax preparers, much less run the risk of paying penalties for wrong answers.

50=The number of different answers Money magazine received in 1989 when it asked 50 different tax experts to estimate a hypothetical family tax liability.

48=The number of wrong answers Money magazine received in 1990 when it asked 50 different tax experts to estimate a hypothetical family's tax liability.

49=The number of different answers Money magazine received in 1991 when it asked 50 different tax experts to estimate a hypothetical family's tax liability.

50=The number of wrong answers Money magazine received in 1992 when it asked 50 different tax experts to estimate a hypothetical family's tax liability.

41=The number of wrong answers Money magazine received in 1993 when it asked 50 different tax experts to estimate a hypothetical family's tax liability (9 of the original volunteers did not bother even to respond).

THE NEVER-ENDING SHELL GAME

The needless complexity of the current tax code helps explain the reasons that both the IRS and private tax experts frequently make mistakes. Another reason that taxpayers have a problem complying with the law is that politicians have made the tax code a moving target.

New Evidence

824=The number of changes in the tax code accompanying the 1997 tax cut. A flat tax will put an end to constant social engineering.

285=The number of new sections in the tax code created by the 1997 budget act. A flat tax will eliminate most of the tax code.

3,132=The number of pages needed by the Research Institute of America to explain the changes in the tax law in 1997. Flat tax postcards needed just one page of instructions.

11,410=The number of tax code subsection changes between 1981 and 1997. A flat tax will eliminate most of those subsections.

160=The percentage increase in the stock value of tax preparation firms in the three-month period during and after enactment of the 1997 budget.

54=The number of lines on the new capital gains form, up from 23 before the 1997 budget deal. Because double taxation will end under a flat tax, the capital gains form will disappear.

What We Already Knew

878=The number of times major sections of the tax code were amended between 1955 and 1994. A flat tax will eliminate today's confusingly complex tax code and replace it with a simple system that does away with constant tinkering and social engineering.

100=The increase in the number of forms between 1984 and 1994. A flat tax will eliminate all 100 forms.

9,455=The number of tax code subsections changed between 1981 and 1994. Under a flat tax, politicians will not be able to use the tax code to micromanage economic or social behavior.

578=The percentage increase in the number of tax code sections between 1954 and 1994 that deal with major segments of tax law. Endless changes in tax law will grind to a halt under a flat tax.

5,400=The cumulative number of changes in tax law since the 1986 Tax Reform Act. Most, if not all, of these changes add compliance costs to the economy—costs that a flat tax will reduce substantially or eliminate.

$20,500,000,000=The amount of lost income the economy suffered in 1993 as a result of

the economic uncertainty in the business community caused by the constant manipulation of the tax code. To help prevent politicians from undermining business planning by constantly changing the tax laws, a flat tax law should include a supermajority provision blocking such tax rate increases.

THE AUGEAN STABLES

The problem is not the IRS, but the politicians who created the incomprehensible tax code and those who refuse to reform the system. Politicians also are practically the only people in the country who benefit from a complex and constantly changing tax code.

New Evidence

$400,000,000=The amount of the special tax break for one corporation inserted in the tax code in 1986 at the urging of Dan Rostenkowski (D-IL), then chairman of the House Ways and Means Committee. A flat tax will wipe out provisions for special-interest groups.

What We Already Knew

$413,072=The average amount of political action committee contributions received by members of the House of Representatives tax-writing committee during the 1994 election cycle. A flat tax will reduce special-interest corruption and eliminate the ability of politicians to use the tax code to reward friends and punish enemies.

12,609=The number of special-interest organizations officially represented by congressional lobbyists. A flat tax will wipe out all special preferences, loopholes, deductions, credits, and tax shelters.

$3,200,000,000=The total amount earned by Washington, D.C., lobbyists in 1993. By taking away the playing field for special-interest tinkering, a flat tax will clean up political pollution.

2=The number of IRS offices in Washington, D.C., made available to Members of Congress and their staffs. With someone else doing their taxes—free—it is little wonder that Members of Congress do not understand the public support for a flat tax.

WHY JOHNNY REFUSES TO PAY

There comes a point at which taxpayers simply give up. Some are driven into the underground economy by the sheer complexity of the system. Others conclude that an unfair tax code has no moral legitimacy and simply refuse to comply.

What We Already Knew

$127,000,000,000=The amount of taxes not paid as a result of tax evasion. A fair, simple, flat tax will reduce tax evasion.

10,000,000=The number of people who unlawfully do not file tax returns. By reducing both the tax burden and compliance costs, a flat tax will bring people out of the underground economy.

3,500,000=The number of people who do not file who would be eligible for refunds. Perhaps more than any other number, the millions of people who fail to file in order to claim their tax refunds reveals just how intimidating the tax code has become.

4=The number of times a single dollar of income can be taxed under the current system, counting the capital gains tax, corporate income tax, personal income tax, and death (estate) tax. By eliminating double taxation, a flat tax will make sure the government treats all income equally and will end one of the biggest causes of tax evasion and complexity in the current tax code.

100,000=The number of Internet sites found by one search engine when queried for the phrase "tax shelter." Because a flat tax will eliminate all discrimination in the tax code and allow people to keep a greater share of their income, tax shelters will almost vanish after reform.

ENOUGH IS ENOUGH

The damage caused by the current tax code, both to the economy and to the body politic, is reaching crisis proportions. Insulated from the effects of their own handiwork, however, politicians are very likely to be the last ones to understand just how indefensible the system has become. Perhaps these real examples of IRS abuse will help them to understand the problem:

New Evidence

$3,500=The amount one woman was forced to pay twice, even though the IRS eventually admitted the debt had been owed—and paid—by her former husband.

$210,260=The amount the IRS tried to garnish from the wages of a woman for the back taxes her husband had owed before their marriage.

$26=The amount the IRS seized from a 6-year-old's bank account because her parents owed money.

$70,000=The amount demanded by an IRS agent who was threatening to send a couple to jail in a case that the tax court subsequently dismissed because the IRS's claim "was not reasonable in fact or in law."

$50,000=The amount the IRS was forced to pay a taxpayer after engaging in a vendetta against him, including putting the innocent man in jail for four months.

$6,484,339=The amount demanded by the IRS from the family of a victim of Pan Am flight 103, based on the assumption of a future settlement.

$900,000=The amount a small businessman was fined after being entrapped by his accountant, a paid informer for the IRS.

$5,300,000=The amount the IRS paid its informants in 1993.

25=The percentage of households with incomes over $50,000 that would pay an inaccurate assessment from the IRS rather than fight.

What We Already Knew

$46,806=The amount of tax penalty imposed on one taxpayer in 1993 for an alleged underpayment of 10 cents.

$1,300=The number of IRS employees investigated and/or disciplined for improperly viewing the tax returns of friends, neighbors, and others.

$155=The amount of penalty imposed on a tax-payer in 1995 for an alleged underpayment of 1 cent.

50=The percentage of top IRS managers who admitted they would use their position to intimidate personal enemies.

$14,000=The amount allegedly owed by a day-care center that was raided by armed agents, who then refused to release the children until parents pledged to give the government money.

80=The number of IRS agents referred for criminal investigation on charges of taking kickbacks for fraudulent refund checks.

$3,000,000,000=The dollar assets of Princeton/Newport, an investment company that was forced into liquidation after 40 armed federal agents raided the company on suspicion of tax evasion—only to have the IRS later conclude that Princeton/Newport actually had overpaid its taxes.

$10,000=The fine imposed on one taxpayer for using a 12-pitch typewriter to fill out his tax forms instead of a 10-pitch typewriter.

109=The number of envelopes containing unprocessed information found in the trash at the IRS's Philadelphia Service Center.

Grand Total: More than 737 billion incredible-but-true reasons to simplify the tax code with a flat tax.

WHAT THESE NUMBERS REALLY MEAN

These horror stories and statistics are not necessarily evidence that individual IRS agents are bad people, or that tax administrators want to violate people's rights. Although examples of unwarranted behavior are included in this discussion, the key problem they illustrate is that current tax law is so arbitrary and incomprehensible that even government agents in charge of enforcing the law cannot make sense of it.

The only way to address these problems is through fundamental reform. A flat tax will reduce the power of the IRS dramatically by eliminating the vast majority of possible conflicts. In a system in which the only information individuals are obligated to provide is their total income and the size of their families, much of the uncertainty and fear regarding paying taxes will disappear.

Most individuals never have to experience the greater complexities of paying corporate income taxes; still, they can appreciate the fact that a flat tax will generate dramatic savings for business. Under a flat tax, the money that businesses now spend to comply with the tax code will become available instead for higher wages and increased investment, thereby helping the United States to become more competitive.

Although the key principle of a flat tax is equality, it turns out that a system based on taxing all income just one time at one low rate also promotes simplicity. To understand the reasons that introducing a flat tax would lead to such a dramatic reduction in both tax code complexity and compliance costs, consider the following numbers:

0=The number of taxpayers under a flat tax who will have to calculate depreciation schedules.

0=The number of taxpayers under a flat tax who will have to keep track of itemized deductions.

0=The number of taxpayers under a flat tax who will need to reveal their assets to the government.

0=The number of taxpayers under a flat tax who will lose their farms or businesses because of the death (estate) tax.

0=The number of taxpayers under a flat tax who will have to pay a double tax on their capital gains.

0=The number of taxpayers under a flat tax who will have to compute a phase-out of their personal exemption because their incomes are too high.

0=The number of taxpayers under a flat tax who will be subject to the alternative minimum tax—those forced to calculate their tax bill two different ways and then to pay the government the greater of the two amounts.

0=The number of taxpayers under a flat tax who will have to pay taxes on overseas income that already was taxed by the government of the country in which the income was earned.

0=The number of taxpayers under a flat tax who will have to pay taxes on dividend income that already was taxed at the business level.

0=The number of taxpayers under a flat tax who will be taxed on interest income that already was taxed at the financial institution level.

CONCLUSION

Those who urge policymakers to "fix" the IRS should realize that condemning the agency itself will not solve the intractable problems of the current tax code. Furthermore, enacting a "taxpayer bill of rights" will accomplish little if provisions of the tax code that constitute the underlying problem

are left in place. At least two versions of a "taxpayer bill of rights" previously enacted into law have had little effect.

Americans rapidly are approaching the level of anger toward unfair, capricious, and oppressive taxation that gave rise to the American Revolution in 1776. This anger is directed at an immense and impersonal government agency that often operates outside the standards it imposes on taxpayers. Americans should be angry, but not at the IRS: They should direct their anger toward the Members of Congress responsible for enacting the laws that created today's tax code.

The only effective way to enhance compliance and slash compliance costs while protecting the rights and freedoms of individual taxpayers is to scrap the current system and replace it with a fair, simple, flat tax.

CONSOLIDATED RETURN REGULATIONS

Mr. DEWINE. Mr. President, I would like to take a moment to discuss an important economic development matter for the people of Ohio. Currently included in the Internal Revenue Service Restructuring and Reform Act of 1998 is a technical correction that would attempt to resolve an apparent conflict that exists between consolidated return regulations and section 1059 of the Internal Revenue Code of 1986. It is very important that this area of the tax code and regulations be clarified so that it does not create an impediment to the expansion of businesses in the State of Ohio and throughout the country.

While the technical correction that was included in the IRS reform bill is a good start toward resolving this conflict of the consolidated return regulations and section 1059, further clarification is needed. I am hopeful that as the IRS reform bill proceeds to conference that the conferees will take another look at the technical correction and work toward correcting this conflict.

Mr. ROTH. I thank the Senator for bringing this to my attention and I can assure the Senator that we will take a look at this in conference.

Mr. COATS. "The power to tax involves the power to destroy."

Mr. President, this famous quote by Chief Justice John Marshall, from the landmark Supreme Court case McCullough versus Maryland, rings as true today as it did in 1819. The Internal Revenue Service, through its unchecked powers of taxation, has been destroying the lives of honest, hardworking, Americans for many years. This systemic abuse has been well documented in the recent oversight hearings on the IRS conducted by the Senate Finance Committee. I rise today to support the IRS Reform and Restructuring Legislation unanimously approved by the Finance Committee. This bill will effectively end this agency's reckless disregard of taxpayer rights.

We have all heard the horror stories of taxpayer mistreatment inflicted by the IRS. From armed IRS agents raiding innocent taxpayers homes to Americans being subjected to years of harassment and unsubstantiated audits. A few years back one such incident of ineptitude occurred in my own State of Indiana. One of my constituents—who gave me permission to tell his story, but asked that I not disclose his name for fear of retribution from the IRS—was getting ready to buy Christmas dinner for himself and his family. This gentleman was shocked to learn that he had no money in his bank account. His entire savings account had been wiped clean by the IRS for "Back Taxes and Penalties." Upon calling the IRS, he was told that his tax form from 1987 was missing and he had not answered any of the registered letters sent to him.

Of course, the IRS sent the registered letters to the address he had lived at in 1987, not his current address—the address from which he correctly filed his taxes (and got returns) for the five subsequent years!!!

This outrageous tale of mismanagement does not end there. A few months later—after some paper shuffling at the IRS—this gentleman was told that based on the information that he provided the IRS actually owned him a refund of $1500!!!! However, the statute of limitations on refunds had run out and he would not be getting his check. My constituent was not happy with this recent development, but considered the matter over. Of course, ten days later a check for $1500 arrived on his doorstep. Only at the IRS!!!!

The stories of abuse and mismanagement have come not only from taxpayers, but from IRS employees as well. Past IRS employees describe an agency rife with ineptitude and misconduct. They detail scenarios in which agents were told to target lower-income individuals or those of modest education for audits. One agent testified that "Abuses by the IRS are indicative of a pervasive disregard of law and regulations designed to achieve production goals for either management or the individual agent." Further, auditors have testified of favoritism being extended to wealthy individuals and powerful corporations. It is obvious that we are dealing with an agency that is out-of-control.

Throughout history, tax collectors that overtaxed or abused taxpayers were treated with much disdain. In ancient Egypt, a corrupt tax collector who exploited the poor had his nose cut-off. During the French Revolution, tax collectors kept their noses, but lost their heads to the guillotine. But in America, we have a different, innovative method for treating overzealous tax collectors—we reward them with promotions and bonuses!! One particular corrupt agent stole 20 cars and was able to retire with full benefits!! Other agents and divisions were evaluated solely on whether they had achieved certain quotas. The message given from management to the agents was that the ends always justify the means.

It is disgraceful that an agency of the greatest democracy in the world could have attributes that would be better associated with a paramilitary wing of a despotic regime. It is high time we passed this legislation and urged the new commissioner of the IRS, Mr. Charles Rossotti, to conduct a thorough house-cleaning.

The IRS exists to serve the American people—not the other way around. There must be more accountability for the IRS and more protection for the taxpayer. Efficiency and honesty should be twin goals for the IRS. H.R. 2676—the Internal Revenue Service Restructuring and Reform Act of 1998—is a first step towards achieving this end.

Mr. President, I will end with another quote from a Supreme Court Justice, Oliver Wendell Holmes, Jr. This quote has substantial meaning in this debate because it adorns the wall of the IRS building here in Washington.

"Taxes are what we pay for civilized society."

If that is in fact the case, it is time we demand that the Internal Revenue Service act in a civilized manner.

Mrs. FEINSTEIN. Mr. President, I rise in support of the legislation to reform the Internal Revenue Service. The Finance Committee deserves tremendous credit for leading the reform effort and conducting hearings to illustrate the tremendous concerns. The legislation will help restore public confidence in a very troubled agency.

Last summer, the National Commission on Restructuring the Internal Revenue Service, under the leadership of Senator BOB KERRY and Representative PORTMAN, issued its report to reform the agency, The Finance Committee conducted several days of hearings, receiving compelling testimony, regarding a variety of concerns with the activities of the IRS. It's clear that these problems transcend any single administration, but reflect years of neglect, improper incentives, inadequate training and mismanagement.

This legislation, along with the appointment of the agency's new Commissioner, Charles Rossotti, will help provide a "fresh start" for the troubled agency.

I support the legislation, which adopts important reform steps:

Creates an IRS Oversight Board: The bill creates a new entity, the IRS Oversight Board, drawing on private sector individuals as well as the Treasury Secretary, the IRS Commissioner and a representative of the IRS employees. The Commission will have the authority to review and approve major issues of policy, such as IRS strategic plans, IRS operations and recommend candidates for important positions, like the IRS Commissioner and the National Taxpayer Advocate.

Adopt important protection, including more disclosure to taxpayers and

enhanced protection for the "innocent spouse": The bill requires the IRS to better inform taxpayers about their rights, potential liabilities when filing joint returns, as well as the IRS process for auditing, appeals, collections and the like. The bill would expand the protections provided to "innocent spouses" who find themselves liable for taxes, interest, or penalties because of a spouse's action taken without their knowledge.

End bureaucratic overlap: The legislation allows the IRS Commissioner to move forward to eliminate the current national, regional and district office structure of the IRS. The Commissioner has proposed a plan to replace the antiquated 1950s structure, with a new management model, operating to serve specific groups of taxpayers. This can ensure greater professionalism in the agency and more uniformity across the nation.

Strengthens and streamlines the role of the Inspector General: The bill creates a new office of the Treasury Inspector General for Tax Administration. Regional and district Inspectors General would report to the IRS Inspector General, rather than district offices, strengthening their independence and enhancing their oversight role.

Strengthens the Office of the National Taxpayer Advocate: The bill strengthens the office of the National Taxpayer Advocate, to represent the interests of taxpayers in the IRS policy process, proposing legislation, changes in IRS practice and assisting taxpayers in resolving problems. The National Taxpayer Advocate is also supplemented by local taxpayer advocates around the country. These local advocates will report to the national advocate, rather than local officials, which might undermine the independence and public credibility of the local taxpayer advocate.

Prepares for the future: The bill encourages more taxpayers to file tax returns or tax information electronically, expediting the process for taxpayers and employers filing payroll tax information.

The bill adopts important reforms. As a previous supporter of efforts to strengthen taxpayers' rights, I am pleased to extend my support.

I acknowledge the IRS, which includes thousands of diligent, conscientious employees, has an extraordinarily difficult challenge. Each year the Service receives: nearly 210 million tax returns in 1997; collects and accounts for well in excess of one trillion dollars; generates nearly 90 million refunds; and receives millions of calls, letters and visits from taxpayers in need of help.

The vast majority of these taxpayers are dealt with fairly and effectively, but no excuse can be made for some of the experiences and horror stories described during Finance Committee hearings.

As Senators know, last September, the Finance Committee began to hold a series of hearings identifying heart-rending stories from taxpayers, identifying specific tax problems. One of the witnesses, Kristina Lund of California, described the tax problems linked to IRS enforcement action following her divorce. Ms. Lund was stuck with the tax bill, frustrated by an unresponsive IRS, as a tax debt ballooned from $7,000 in 1983, to $16,000, as a result of delayed notification and confusion between Ms. Lund and her former husband. The burden of correcting the problems were enormous for Ms. Lund, a newly hired bank employee earning approximately $15,000, and her 14 year old daughter. This bill incorporates some reform for the "innocent spouse," preventing more individuals from falling into Ms. Lund's circumstances. The bill would expand the protections provided "innocent spouses" who find themselves liable for taxes, interest, or penalties because of actions by their spouse of which they did not know and had no reason to know. The bill will ensure that more women are treated fairly.

I am pleased the Senate was able to add, with my support, Senator GRAHAM's amendment to clarify that coercion or duress cannot void an innocent spouse's claim for protection. I share Senator GRAHAM's concern with the bill, which provided that an innocent spouse, who had knowledge of the under-reported income, was denied "innocent spouse" protection. Without the Graham amendment, a spouse could be coerced or pressured to go along with a tax scam, and suffer the tax consequences for years. I am pleased we could add the Graham amendment, providing an extra layer of protection for innocent spouses.

We have heard a great deal of frustration with the IRS, but Congress deserves its fair share of the blame for taxpayer frustration with the complex and confusing tax code. Over the years, the IRS Tax Code has become more complicated, not less so. Despite the best of intentions, Congress has helped to make the taxpayers and tax collectors responsibilities more difficult.

The Finance Committee received the testimony of the Certified Public Accountants, noting that from 1986 to 1997, there have been eight years with significant changes to the tax laws, including the 1997 Taxpayer Relief Act. The witnesses noted the Taxpayer Relief Act of 1997, which I supported, alone contains: 36 retroactive changes; 114 changes that became effective on August 5, 1997; 69 changes that became effective January 1, 1998; and 5 changes that became effective on another date.

No wonder taxpayers and tax professionals are so confused and frustrated!

Congress needs to be certain we are providing the IRS with the resources needed to get the job done. Tax professionals noted the Treasury Department also has a significant backlog in producing IRS regulations to provide guidance for taxpayers. Tax complexity increases the IRS' challenge to administer the tax system fairly, and compounds the taxpayers' problems in meeting their tax obligations.

Congress also needs to ensure we are providing adequate resources to the IRS, to permit adequate training and ensure the skills of the IRS employees are current and up to date. During the hearings, the Finance Committee listened to the testimony of Darren Larsen, a Southern California attorney, in which she described conduct that was simply contrary to federal law. Ms. Larsen described the use of some "on-the-job instructors" who lacked an understanding of some of the legal fundamentals and passed their errors on to newer revenue officers. I am sure the vast majority of IRS enforcement officers work diligently to implement the laws, but even occasional errors are unacceptable.

I am pleased to support the Committee's legislation. However, one area of reform the Committee declined to implement deals with the "marriage penalty." I will continue to follow the committee's work on this issue closely, which is an important issue for women.

Marriage penalties arise because a couple filing a "joint return" face tax brackets and standard deductions that are less than twice the level of those for single filers. As a result, the marriage of two individuals who pay taxes in the same tax bracket, receive a smaller standard deduction and may be forced into a higher bracket than they would if they filed their taxes as individuals. While more couples receive marriage "bonuses" than marriage "penalties," the issue deserves closer review.

Senator HUTCHISON has introduced S. 1314, legislation to address this issue, proposing to allow married couples to file "combined" returns, in which family income is allocated to both individuals, taxing each spouse at the single taxpayer rate. The legislation would allow couples to file as either joint, single, or head-of-household. This would eliminate those taxpayers who receive a marriage penalty, while leaving marriage bonuses in place.

However, by getting rid of the "marriage penalty," Congress could find itself unfairly increasing taxes for single tax filers. Further, the proposal could cause substantial revenue losses, perhaps as much as $40 billion per year, and would complicate the tax system. Taxpayers would be required to perform tax calculations, both, as an individual and as a couple, choosing whichever tax was lower. In this legislation to simplify the tax code, Congress should be very concerned with a proposal which could require additional

steps and additional tax calculations for taxpayers.

I am interested in the approach taken by S. 1989, legislation introduced by our colleague, Senator FORD. This approach would widen the tax brackets and raise the standard deduction for joint filers to a level twice that of the single tax filer. This approach would also eliminate the marriage penalty, while providing added tax relief for families. I am anxious to follow the Committee's progress.

The Senate Finance Committee has taken very important steps to reform the IRS and I am pleased to support the legislation. I have previously supported efforts to provide more protection for taxpayers, including the earlier "Taxpayer Bill of Rights" and this bill makes similar progress. The administration also deserves support and IRS Commissioner Rossotti also deserves our support. Taxpayers want and deserve better information and a more fair process. I am pleased to support these efforts to set a new course for the IRS.

Mr. SMITH of New Hampshire. Mr. President, I rise in support of H.R. 2676, the IRS reform bill that is now under consideration on the floor. This bill, which is the product of extensive oversight hearings, is much needed and long overdue. I applaud Chairman ROTH and the other Finance Committee members for reviewing the legislation sent to us by the House, for their efforts to strengthen the bill, and for their persistence in moving this bill to the Senate floor.

As taxpayers testified at the Finance Committee hearings, the abuses fostered by the IRS are intolerable. Innocent taxpayers are suffering under an out-of-control agency.

We have witnessed this problem in my own state of New Hampshire. Shirley Barron of Derry, New Hampshire has suffered greatly since her husband's death in 1996, and she claims that the IRS's collection tactics are the cause. The Barrons' problems with the IRS began in the mid-1980s when they lost an $80,000 investment. The couple's accountant advised them that they could get a tax deduction, but the IRS informed the Barrons two years later that they had to pay. Mrs. Barron said that she and her husband were unable to pay the IRS immediately, so interest and penalties mounted. According to Mrs. Barron, her husband took his own life just after learning that creditors were to foreclose on the couple's Derry home because the IRS had placed a lien on it. Even after Mr. Barron died, the agency continued their collection efforts against Mrs. Barron: They foreclosed on the family's Cape Cod vacation home, they took her tax refunds, and they placed claims against the life insurance of her late husband. The IRS recently agreed to cancel Mrs. Barron's entire tax debt, thus ending her long ordeal. While this is a welcome development, it won't bring her husband back. No one should have to go through an ordeal like that again.

Last week, the Senate Finance Committee heard similarly disturbing accounts of IRS intimidation from agency employees. Auditors and agents voiced their frustration with field office managers and high level management. Some reported that almost no one at the agency listens to them when they report discrimination or wrongdoing. For example:

Ginger Garvis, a District auditor in New York City, said that she uncovered a multimillion-dollar tax evasion and money-laundering case which her supervisors refused to pursue. Ms. Garvis testified that the IRS often forgives tax debts by large firms with the resources to fight back in court. Instead, it focuses on smaller companies that cannot fight back.

Michael Ayala, a thirty-year IRS employee, testified that he has observed "a broad range of misconduct by high level managers." He said that "such abuses are generally known to a large percentage of the IRS workforce but are perpetuated by management's intimidation and punishment of anyone within the agency who objects to or reports such misconduct."

A former IRS criminal investigation agent, Patricia Gernt, reported that her supervisors did little or nothing to help her stop another IRS agent who tried to frame former U.S. Senator Howard Baker.

Perhaps for these reasons, another District auditor in New York City testified: "before there is a taxpayer victim there is first an employee victim."

Such an atmosphere of fear and intimidation is deplorable and must be stopped. The American taxpayers deserve better.

H.R. 2676 will help us change the culture at the IRS to which so many are objecting. This bill establishes many new taxpayer rights; it calls for the IRS to revise its mission statement to focus on taxpayer service; and it provides for increased oversight of agency activities by a citizens' advisory board. At the same time, the bill gives the new IRS Commissioner, Charles Rossotti, broad flexibility to better manage the agency.

I urge my colleagues to support this legislation. We have an historic opportunity to restore accountability to the IRS and change how the agency functions. Let us seize this opportunity by promptly passing H.R. 2676.

Thank you, Mr. President.

Mr. CRAIG. Mr. President, I rise in support of the IRS Reform Act. I would like to begin by congratulating Chairman ROTH for holding the recent IRS hearings. The Finance Committee's historic hearings have made it possible for us to consider this bill, and they have made the Senate version of the bill improved and stronger than the House-passed version of H.R. 2676.

However, I'm disappointed by the recent remarks by the Minority Leader, who said the Chairman's hearings were "sensationalistic." These hearing were not "sensationalistic," but were instead about getting at the truth. They exposed sensationally bad news about how a powerful arm of government has treated individual taxpayers. Indeed, given the stories that emerged, even holding these hearings was a brave act.

Without these hearings there would have been no appointment of William Webster to review the IRS Criminal Investigation Division; no announcement of a special internal task force; the public would not have known that even a Senate Majority Leader is not protected from bizarre, apparently criminal, targeting; the bill might not have been as strong as it is; and, after a brief flurry of attention, the IRS would assume it was safe to return to business as usual.

There are many causes to the problems that these hearings exposed. The culture which pervades the IRS is arrogant, powerful, and a law unto itself—it is unaccountable to anyone else. The tax law, too, is to blame. After forty years of liberal Congresses encouraging and empowering the IRS, it seems as if their only goal is to get the money and that the ends justify the means. We also must not forget that individual IRS agents also overstep the law. We still want to believe most IRS employees are conscientious civil servants. However, the hearings show the IRS has not disciplined its own. In fact, the IRS culture has rewarded rogue activity, punished whistle blowers, and carried out retribution against innocent taxpayers. The problem of "rogue agents" is really more a problem of a rogue agency. Today, in law and in practice, drug dealers, child molester, and organized crime have more legal rights than the average taxpayer whom the IRS suspects may owe a few dollars in back taxes.

The IRS abuses are part of a bigger problem. There is a culture of big government, growing like a cancer on the body politic for two generations, that says the money you earn isn't yours, it's the government's; that says freedom isn't the individual's unalienable right, it's the government's to give or take away; that promises compassion and support, but demands control and dependence. It may all be relative, but it's becoming more like Big Brother and less like Uncle Sam.

Now is the time to turn that tide. A Republican Congress has started already. We enacted the welfare reform law of 1996, which expects individual responsibility and encourages individual and community initiative. We also passed the Balanced Budget and Taxpayer Relief Acts of 1997 which said we will put limits on the appetite of government.

Now we must take the next step with IRS reform. More Americans come into contact with their government through the IRS than through any other means. This bill is the first significant step to reminding everyone that the taxpayer is the boss—not the IRS, not the government.

But this bill is only the first step. We need continued and increased oversight of the IRS through more hearings. From calls and letters from our own constituents, Senators know the first few hearings only scratched the surface of the tip of the iceberg. Sunlight is the best protection the people have. We also need to look at more reforms, especially protecting due process and privacy rights and increasing accountability for wrongful actions. Continued, aggressive committee activity are also a must.

The ultimate IRS reform will be abolishing the current tax code and starting over with a new, fairer system. Later this year we will take the next step—voting to sunset the tax code. This would underline our commitment to ending the tax code and the IRS as we know them; guarantee the American taxpayer we will build a new, fairer system, from the ground up; and force Congress and the President to come to terms on creating a new system.

Of course, President Clinton and others will fight to preserve the status quo. For a while, they tried to block IRS reform, but saw the American people wouldn't stand for it. Now President Clinton wants to dress up as First Drum major and get out in front of the parade Congress started. Mr. President, we welcome your help, however belated, if it's sincere and substantial. But, Mr. President, at least have the honesty to say, "me, too" instead of, "my idea." President Clinton and his allies still say sunsetting the tax code would create uncertainty, but a sunset creates no more uncertainty than the status quo, which has perpetuated uncertainty for decades with a major new tax bill about every two years. Opponents don't want major tax reform—they like the current code and the way it shakes down the taxpayer. They will use divide and delay tactics, pretending to support reform but making sure no one proposal breaks out of the pack. But the American people know better, tax reform will be debated thoroughly across the country between now and 2000.

Now and in the future, the American people are demanding change. They want an IRS that is fair, courteous, and respects their rights of due process and privacy. Congress is committed to creating a new culture at the IRS, serving the taxpayer, not treating them like a criminal class; treating taxpayers with respect and dignity; pursuing criminals, not quotas; and upholding the Constitutional principle of "presumed innocent until proven guilty."

For the future, the American people demand fundamental change—a new tax code that is simple, fair, efficient, and allows working Americans and their families to keep more of the fruits of their labors. Republicans in Congress are committed to creating that completely new system.

Mr. HAGEL. Mr. President, the time has arrived to put some accountability and common sense into one of the most out of control federal agencies in the Federal Government, the Internal Revenue Service.

Over the past nine months we have heard volumes of testimony regarding the many problems associated with the Internal Revenue Service—lack of leadership, an unresponsive agency and abusive employees. But the most important issue that we must not forget is accountability. No one is being held accountable at the IRS. This must change.

If federal agencies and their employees are not held accountable for their actions, we have lost control. The American people send billions and billions of dollars of their hard-earned money to Washington, D.C. each year in taxes, to fund a government that most Americans see as too big, too intrusive, and unaccountable.

Congress is taking a good first step at bringing accountability to the IRS through the Internal Revenue Service Restructuring and Reform Act. This legislation would create an IRS oversight board to oversee the IRS in every aspect of its administration of the tax laws. The Act also replaces the many levels of bureaucracy at the IRS—district offices, regional offices and national office—with offices that are trained to handle groups with specific concerns—individual taxpayers, small business, large business and tax-exempt entities.

The Act also creates and enhances many taxpayer rights and protections. The burden of proof in court proceedings would be reversed from the taxpayer to the IRS when the taxpayer produces credible evidence that is relevant. The Act extends the attorney-client privilege to accountants and other tax practitioners. Finally, the Act overhauls the "innocent-spouse" relief provision. A spouse would be allowed to limit their tax liability for a joint-return to the spouse's separate liability attributable to the spouse's income.

These are just a few examples of where and how the IRS Restructuring and Reform Act will bring the IRS back to reality. If there is accountability there is control.

Mr. KERRY. Mr. President, I join many of my colleagues in support of the IRS Restructuring and Reform Act of 1998. This legislation is a victory for taxpayers, a victory for small businesses, and a victory for the American family. I applaud the work of my colleagues, Senators ROTH, BOB KERREY, GRASSLEY, and others, who have demonstrated such determination, vision and leadership on this issue.

I believe that the average American taxpayer is fundamentally honorable, willing to play by the rules and carry his or her fair share of public obligations. Most public servants at the Internal Revenue Service (IRS) perform their jobs responsibly. But, sadly, there are exceptions on both sides of this equation, and those exceptions lead to contentious circumstances which must receive careful IRS management attention. Regrettably, that has too often not been forthcoming. Along with most Americans, I watched the recent Senate Finance Committee oversight hearings on the Internal Revenue Service. A number of witnesses told of economic and emotional hardship at the hands of abusive IRS agents. Unfortunately, while the facts of a number of these cases were shocking, the fact that there are such cases was not surprising. During my 13 years in the Senate, I have assisted many taxpayers in Massachusetts who have protested similar treatment by IRS employees. Most recently here the widow of a well-respected lawyer filed suit, charging that her husband was literally hounded to death by IRS collection agents. He committed suicide on Cape Cod, leaving behind a note which complained that the IRS "sits, does nothing and then watches you die."

While we must be careful not to presumptuously conclude that all problems that arise between the taxpayers and the IRS are the result of inappropriate actions or demeanor by the IRS and its employees, the evidence indicates this is the cause with sufficient frequency that the Congress is compelled to address this problem. It is clear that the Internal Revenue Service is subject to some difficult challenges. After downsizing in recent years, the remaining IRS agents are strained as they try to meet the demands of increased audit and collection work. The management structure within the IRS has made these problems even more difficult to solve. Regardless of the reason, the abusive and humiliating tactics about which we all heard during the Finance Committee hearings are intolerable and must be stopped. This legislation is an important step in the process of reinstituting controls at the IRS that should rectify these problems.

Our system of taxation is based on voluntary compliance. And we have the best record of paying our taxes in the industrialized world. For at least part of the last two decades, 95 percent of wage-earners in this country paid their taxes accurately and on time. And while a recent study found that nearly 12 percent of our economic output

evades taxation, this number is dwarfed by the noncompliance rates of our international competitors.

I have previously supported reform efforts that were intended to make tax collection fairer, and the IRS more accountable. In 1988, I cosponsored the Taxpayers Bill of Rights which expanded the procedural and disclosure rights of taxpayers when dealing with the IRS, prohibited the use of collection results in IRS employee evaluations, and banned revenue collection quotas. During the 104th Congress, I cosponsored the Senate version of the Taxpayers Bill of Rights II, which created the Office of Taxpayer Advocate, allowed installment payments of tax liabilities of less than $10,000, and imposed notification and disclosure requirements on the IRS. Last year, we enacted the Taxpayer Browsing Protection Act, which imposes civil and criminal penalties on Federal employees who gain unauthorized access to tax returns and other taxpayer information.

The Internal Revenue Service Restructuring and Reform Act of 1998 before the Senate today will restructure and reorganize the Internal Revenue Service. It will create a new IRS Oversight Board to review and approve strategic plans and operational functions which are crucial to the future of the agency. The Oversight Board, consisting of six citizens, the Secretary of the Treasury, the Commissioner of the IRS and a representative of the IRS employees' union, will reestablish control of the IRS by reviewing operations and ensuring the proper treatment of taxpayers by the IRS. It will shift the burden of proof from the taxpayer to the IRS in court if the taxpayer complies with the Internal Revenue Code and regulations, maintains required records and cooperates with IRS requests for information.

I do have some concerns that this provision could give comfort to a small number of Americans who will do anything to avoid paying their taxes and may make the system of tax collection even more complicated. But I think the benefits for the great majority of taxpayers who are trying to do the right thing required support for the bill.

The bill also would allow taxpayers to sue the IRS for up to $100,000 in civil damages caused by negligent disregard of the law. It also expands the ability of taxpayers to recover costs, including the repeal of the ceiling on hourly attorneys' fees.

Finally, it expands the protections provided to "innocent spouses" who find themselves liable for taxes, interest, or penalties because of actions by their spouse about which they did not know and had no reason to know.

This bill makes positive changes that will foster continued growth and cooperation by the American people. If we were to do nothing, and the IRS were to continue on its present course, it is likely that there would be a continued slide in the public's faith in the tax collection system.

Americans merit an efficient and a respectful government. In the course of history, we have fought for freedom from despotic bureaucracies. At the essence of our democracy is our right to alter any public institution which fails significantly to deal respectfully and competently with American citizens. I believe the changes this legislation will make will regain the balance that has been lost in the relationship of the taxpayers to the IRS while permitting the IRS to do the difficult job it was created to do. That job is vital to our government's ability to provide the essential services on which virtually every American depends to some extent: Social Security benefits, our armed forces, law enforcement, Medicare and Medicaid, air traffic control, administration of our national parks and forests, etc. This is a good bill that will help taxpayers and the IRS. I will support its passage and implementation and look forward to its results.

Ms. SNOWE. Mr. President, I rise today to speak in favor of the legislation before the Senate—H.R. 2676, the IRS Restructuring and Reform Act. I beieve it is vital that this criticallyneeded legislation be passed by the Congress and enacted by the President as rapidly as possible.

Mr. President, Congress has been working to reform many aspects of the Federal government and its programs over the past several years, including welfare, Medicare, and telecommunications laws. And now, with April 15—the deadline for filing tax returns—only a few weeks past, I can think of no better time for Congress to continue its reform efforts than with a substantial overhaul of the IRS.

While reforming our tax system is an idea that has been bandied about for years—and will likely continue to be a topic of great interest in the months and years ahead—at the very least we have an obligation in this Congress to address the abuse of our nation's citizens by the agency that is responsible for enforcing federal tax laws: the Internal Revenue Service.

Mr. President, the hearings that were conducted in the Senate Finance Committee over the past nine months have provided a chilling reminder of how government power can run amok. Tax files are used for information on boyfriends of IRS employees. IRS managers are trained that it is permissible to lie or mislead the public. Employees are evaluated on statistics based on seizures of personal property and finances. Some business owners are allowed to make monthly payments on delinquent employment taxes while others are forced into bankruptcy—the decision is arbitrary and up to IRS management. And IRS agents that seek to report improper tactics and practices face demotion or outright replacement.

While I wish that the horror stories told by the Finance Committee witnesses were isolated incidents, the real-life stories I have heard from constituents in Maine only reinforce the fact that these problems are occurring nationwide.

Take for example the family in Lebanon, Maine, who was audited for the year 1993 after they saw their convenience store, home, and all their financial records destroyed by a 1994 fire. While they originally had no problem with the audit and anticipated a relatively brief process, it is now four years later and the IRS has finally just completed the 1993 audit. One can only imagine how long—and at what cost—the 1994 and 1995 audits they are being subjected to will last.

Or consider the story of a sheet metal company employee in Maine who was taking money on the side for jobs—which meant that his employer wasn't being paid for the contracts that they thought were outstanding. As a result, when it came time for the business to pay their taxes, they didn't have the funds.

Negotiations between the IRS and the company broke down, one thing led to another, and the company was behind to the point where the IRS took everything from the company's bank account. The result: the company was unable to pay its employees, it was seized by the IRS, and it was sold at auction to cover the taxes.

Finally there is the waitress who, over the years, didn't pay all the taxes she should have on the tips she made. She was reported, found guilty, and it was estimated that she owed more than $100,000 in back taxes, penalties and interest payments. Fair enough, you might say, except for one twist: her husband never had a clue that his wife was cheating the IRS. But he's been paying the price ever since.

He lost his home, his vehicles, and his camp in order to help pay his wife's debt. In the meantime, they divorced—and to this day the wife does not work because, if she did, she would still owe the IRS. Instead, she has remarried and is supported by her new husband, while the ex-husband remains responsible for the debt he never knew a thing about.

Now, I'm not saying that the IRS doesn't do a good job in many—if not most—cases. They have a difficult and unpopular task, and the law must be enforced. The delays, unfair treatment, and—in some cases—improper actions that have occurred with the IRS have undoubtedly been the result of a variety of factors, and the complexity of the tax code only compounds the problems for taxpayers who must interact with the IRS.

In fact, to test the difficulty of the current income tax system, Money

magazine had 45 different tax accountants prepare a tax return for the same family—and the result was 45 different returns that varied by 160 percent! When considering that there are 555 million words in the tax code, 480 different tax forms, and IRS employees give the wrong answers to taxpayers 30 percent of the time, it's no wonder the experts can't even agree on what a taxpayer owes!

Therefore, although we won't be eliminating the complexity of the tax code today, I am pleased that the Senate is now considering comprehensive reform legislation that will attempt to end the abuse of already confused taxpayers by the IRS, and ensure that the enforcer of the tax law is no longer one of its greatest abusers.

Mr. President, this legislation—which builds on the restructuring bill that was overwhelmingly passed by the House of Representatives this past November—includes a variety of critical reforms that will dramatically improve the oversight and management of the IRS. And, most importantly, the bill will make this agency more accountable to the very individuals they were intended to serve: the American taxpayer.

Specifically, to improve the oversight and administration of the IRS, this legislation will establish an oversight board including the IRS Commissioner and six members from the private sector, which would have broad authority to review and approve strategic plans. In addition, it will establish local taxpayer advocates in every state, and strengthen the internal auditing of the agency.

To create a more level playing field between the IRS and taxpayers, the bill will modify the practice of considering taxpayers guilty until they prove their innocence by shifting the burden of proof to the IRS in cases where the taxpayer is cooperative in providing information. It will also provide for greater taxpayer protection against interest assessments and penalties.

To streamline congressional oversight of the IRS, it provides a means for ensuring that the IRS and Congress are aware of the most complicated aspects of the tax code that are generating the greatest compliance problems for taxpayers, and provide clear accountability to specific committees in the Congress.

To be more responsive to taxpayers, this legislation provides critically needed relief to an "innocent spouse" who has no knowledge of the improper tax filings of his or her husband or wife; ensures that a taxpayer who has entered into an installment agreement to settle an outstanding tax bill will no longer be forced to pay "failure to pay" penalties during the period of repayment—which has never made any sense; and gives taxpayers more time to dispute IRS claims.

And finally, to create a better IRS from the inside out, the bill provides increased flexibility for the IRS to recruit and retain the best agents possible, while establishing new performance measures that ensure agents are not ranked based on enforcement results or collections.

Mr. President, the issue comes down to trust. The people of this nation must be able to trust that their government will be fair, will be discreet, will be responsive. Taxpayers should not fear the very institutions that are supposed to be serving them. We must ensure that government works for people, not against them. We must end the abuses at the IRS.

The bill before us today will help restore taxpayer confidence in the system and rebuild the trust that has been eroded through years of egregious abuse. I commend the chairman of the Finance Committee for crafting and championing this legislation, and I urge my colleagues to join me in supporting it.

Mr. GORTON. Mr. President, like many of my colleagues who have spoken on the floor this week, I rise in strong support of the IRS Restructuring and Reform Act of 1998.

The Senate Finance Committee hearings about IRS agents and supervisors that are completely out-of-control, and who sometimes try to set up honest taxpayers in order to advance their own careers, has made it absolutely clear to every American that the structure and standard operating procedures of the IRS must be corrected—which is exactly what this comprehensive reform legislation will accomplish.

This bill creates an oversight board consisting of a majority of private sector members to set IRS policy and strategy, and a new independent Inspector General for Tax Administration in the Treasury Department who will be appointed by the President and confirmed by this Senate. The Taxpayer Advocate position, created in the Taxpayer Bill of Rights II in 1996, is expanded into a system of local Taxpayer Advocates that guarantees at least one advocate for each state in the union.

This legislation reverses the burden of proof from the taxpayer to the IRS, and allows for the awarding of attorney's fees and civil damages to taxpayers when they have been wronged by the IRS. Relief is also provided to "innocent spouses" who find themselves liable for taxes incurred by their spouse during a marriage.

Mr. President, this is by no means a comprehensive list of the reforms included in this legislation—it would not be possible to describe them all in the time I have to speak today. It has, in fact, been calculated that there are over 160 reforms to the IRS included in this bill—all with the goal of making the IRS more service oriented and friendly to American taxpayers. It is for the twin goals of IRS structural reform and the protection of innocent taxpayers that I will be voting in favor of this legislation.

Before concluding Mr. President, I must state that while I hail the Senate's consideration and certain passage of this IRS reform legislation, I believe that it only deals with the symptoms and not with the fundamental disease. The fundamental disease is the Internal Revenue Code written by Congress. The current code is so long, so complicated and so full of loopholes that it is literally out-of-control.

To deal with the disease, Congress is going to have to deal with the Code. We must either dramatically simplify it or, and this is my preferred course of action, we must repeal the Code lock, stock and barrel and start all over again. We must develop a tax system that is fair, easy for Americans to understand, requires far less money to enforce so that we can have a dramatically smaller IRS, and requires far less money to comply with in fees paid to lawyers and accountants.

I am absolutely convinced fundamental reform of the Code should be the primary goal of Congress. It is certainly the goal to which I have dedicated and will continue to dedicate my energy and attention.

Mr. BYRD. Mr. President, we have heard much in recent years of the horrors and abuses inflicted by the Internal Revenue Service (IRS) on the American taxpayer. I have little cause for doubt, Mr. President, that there lies a certain degree of verisimilitude in these allegations and, further, that the pending legislation represents a necessary and overdue effort to ameliorate these abuses. Certainly, a portion of the criticism directed at the IRS has been justly earned by the officials and employees who administer and work at the agency. If but half of the concerns raised during the Finance Committee's recent hearings on these IRS abuses are true, there is indeed an immediate and overwhelming need to reform and restructure the IRS. However, let us remember, Mr. President, that the task to which the Congress has assigned the IRS has never been nor will ever be a popular one. The simple fact that few people enjoy paying taxes leads logically to the presumption that they will not embrace the very agency charged with collecting their taxes.

Having said that, Mr. President, let me now turn my focus to the bill before us. As reported to the Senate by the Finance Committee, H.R. 2676, the Internal Revenue Service Restructuring and Reform Act of 1998, would significantly alter the management, oversight, and basic structure of the IRS as we know it. By creating an IRS Oversight Board, this legislation aims to provide the strategic oversight and guidance that has been deficient or lacking at the IRS in previous years.

As the National Commission on Restructuring the Internal Revenue Service concluded in its report to the Congress last year, the "problems throughout the IRS cannot be solved without focus, consistency and direction from the top. The current structure, which includes Congress, the President, the Department of the Treasury, and the IRS itself, does not allow the IRS to set and maintain consistent long-term strategy and priorities, nor to develop and execute focused plans for improvement."

Clearly, the drafters of H.R. 2676 have sought to provide the very "focus," "consistency," and "direction" that the IRS Commission concluded was necessary. I hope that the nine-member Board, as proposed, will be able to carefully and diligently clear a new path on which the IRS can tread the challenges that the 21st Century will bring as a more responsive, less intrusive federal agency that works for—not against—the millions of honest American taxpayers to whom we are all accountable.

With regard to the composition of this Oversight Board, I voted against two amendments this morning that would have either directly or indirectly removed the union representative from this Board because I believe that such representation is crucial on a Board that will have so much influence in the actual workings of the IRS and the 100,000-odd actual workers who carry out its many tasks. I also opposed an amendment to remove the Treasury Secretary from this Board because I believe that, for any such Board to be truly taken seriously and command attention, the chief executive officer of the Treasury Department—the Secretary—must be able to offer his or her unique perspective on various IRS issues through a position on the Board. Furthermore, by serving on this Board, the Treasury Secretary will help ensure that the recommendations thus produced are not ignored or disregarded by officials of the IRS.

Mr. President, I also want to convey my support for a number of other provisions of H.R. 2676. Specifically, I applaud the provisions of the bill providing for a National Taxpayer Advocate and an independent Treasury Inspector General for Tax Administration. The former office should help to better protect the interests of individual taxpayers who are often outmatched in their disputes with the IRS, while the latter will ensure that the office with responsibility for overseeing the IRS is independent of the agency itself. I further support the provisions of this legislation calling for increased use of electronic filing in the next ten years—the advent of electric filing technology cannot be ignored as we seek to find ways to make the IRS more responsive to the American taxpayer.

Mr. President, the bill contains many other taxpayer protections that I believe will improve the way the IRS works. However, let me express my concern about a provision in the funding offset amendment agreed to by the Senate yesterday, without my support. Last night, the Joint Committee on Taxation produced calculations predicting that, while this provision will raise approximately $10 billion in the next ten years and thus protect this bill from a PAYGO point of order, it will lose a net $47 billion in revenues over the next twenty years. Clearly, this is an attempt to back-load the true cost of a tax provision to circumvent a budgetary point of order, and I hope that it will be dropped in conference negotiations with the House.

Mr. President, my reservations about this particular provision of H.R. 2676 notwithstanding, I am prepared to support Senate passage of this important and much-needed legislation. As the elected officials of the people of the United States, it is our duty to ensure that the IRS—the very agency to which we have delegated authority to implement and enforce our constitutional prerogative to "lay and collect" taxes—does not harass, abuse, or otherwise place unnecessary burdens on the millions of honest, hard-working taxpayers to whom we are each accountable. This legislation, as a whole, represents a positive step in the direction of a more responsive, more accountable, and more efficient Internal Revenue Service that better serves the American people.

Mr. KERREY. Mr. President, I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KERREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERREY. Mr. President, I had an amendment earlier that I had withdrawn that would increase the amount of oversight, or actually create in statute a requirement for annual hearings by the Finance Committee, and I would prefer to merely in a colloquy with the chairman of the Finance Committee get this matter settled without having to put it into law.

I would like to express again my concern and interest in making certain that congressional oversight is increased. I think it is a little bit like preaching to the choir here, asking this particular chairman to do it, but I would like to declare that I think we should be having a yearly hearing hosted by the Senate's Finance Committee with the IRS Commissioner, with the chair of the new oversight board created in this new law, the National Taxpayer Advocate, and the new Treasury Inspector General for Tax Administration; as the four witnesses. The purpose of the hearing would be to review overall progress by the IRS in serving the needs of taxpayers.

I would simply ask as part of this colloquy whether or not the chairman would be willing to hold such a hearing on a yearly basis?

Mr. ROTH. I say to the distinguished Senator from Nebraska that one of my real concerns has been that there has not been adequate oversight of IRS as well as other agencies. That is one of the things that got me moving a year ago, because I think, as the Senator, it is critically important that we assure the agency is functioning as the President and Congress intend it to function. That has not been the case with IRS.

So I can assure the good Senator that it is my intention to have continuing oversight hearings. I think it is important now that we are involved in this massive reorganization opportunity to change culture that we do have at least once a year, if not more often, the kind of hearing the Senator is talking about. We are all very pleased to have this new Commissioner. We think we have an individual with the type of qualifications and background that will really make a major change. At the same time, I think it is our responsibility to continue from time to time to hold hearings to see if progress is being made. So I assure the Senator that as long as I am chairman of the committee we will continue to do so.

Mr. KERREY. I thank the distinguished chairman of the Finance Committee.

Mr. President, I do believe in this kind of oversight where we ask four key people, three of whom are new creations under this law, to come and tell the oversight committee how well this new law is doing and if there is any additional changes in the law that are necessary.

Again, I appreciate very much the Senator's comments in this regard and will, once again, state my appreciation for the Senator's diligence and perseverance in making certain that IRS does the job the American taxpayers want it to do.

Mr. ROTH. Let me say, as long as the two of us are members of that committee, I am sure it will happen.

Mr. KERREY. I thank the Senator.

Mr. GRAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

AMENDMENT NO. 2379

(Purpose: To provide interest payment exemption for disaster victims in the Presidentially declared disaster areas)

Mr. GRAMS. Mr. President, I would like to send an amendment to the desk that has been sponsored on our side by Senator COVERDELL and also my colleague from Minnesota, Senator WELLSTONE, and Senator BOXER of California. It is my understanding it has

been cleared on both sides. I send the amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Minnesota [Mr. GRAMS], for himself, Mr. COVERDELL, Mr. WELLSTONE, and Mrs. BOXER, proposes an amendment numbered 2379.

Mr. GRAMS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert the following new section:

SECTION . ABATEMENT OF INTEREST ON UNDERPAYMENTS BY TAXPAYERS IN PRESIDENTIALLY DECLARED DISASTER AREAS.

(a) IN GENERAL.—Section 6404 of the Internal Revenue Code of 1986 (relating to abatements) is amended by adding at the end the following:

"(h) ABATEMENT OF INTEREST ON UNDERPAYMENTS BY TAXPAYERS IN PRESIDENTIALLY DECLARED DISASTER AREAS.—

"(1) IN GENERAL—If the Secretary extends for any period the time for filing income tax returns under section 6081 and the time for paying income tax with respect to such returns under section 6161 for any taxpayer located in a Presidentially declared disaster area, the Secretary shall abate for such period the assessment of any interest prescribed under section 6601 on such income tax.

"(2) PRESIDENTIALLY DECLARED DISASTER AREA.—For purposes of paragraph (1), the term 'Presidentially declared disaster area' means, with respect to any taxpayer, any area which the President has determined warrants assistance by the Federal Government under the Disaster Relief and Emergency Assistance Act.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to disasters declared after December 31, 1996, with respect to taxable years beginning after December 31, 1996.

(c) EMERGENCY DESIGNATION.—

(1) For the purposes of section 252(e) of the Balanced Budget and Emergency Deficit Control Act, Congress designates the provisions of this section as an emergency requirement.

(2) The amendments made by subsections (a) and (b) of this section shall only take effect upon the transmittal by the President to the Congress of a message designating the provisions of subsections (a) and (b) as an emergency requirement pursuant to section 252(e) of the Balanced Budget and Emergency Deficit Control Act.

Mr. GRAMS. Mr. President, I want to say a couple words about the amendment and then also be joined by my colleague from Minnesota, Senator WELLSTONE, on this amendment.

It is very simple. It applies to residents or individuals, or I should say victims who live in disaster areas, those areas that have been declared disaster areas by a Presidential decree, either through flooding or tornadoes or whatever mishap it might be.

The basics of this amendment say that those people who have been granted an extension to file their income taxes, but under current law the IRS must still assess an interest payment on those taxes. This is adding insult to injury. These people who have no opportunity due to no fault of their own to file their taxes on time have been granted an extension period to get their taxes filed in good faith, and yet under current law we come back and say, well, that's fine and dandy, but we now have to assess you an interest on this. These individuals who are trying to rebuild and repair their lives need every dollar. Every dollar counts.

So the basic part of this amendment is very simple. It is that also we would, along with granting them an extension in order to file their income taxes, make an exemption for interest on those tax payments as well. So I hope that the Senate will consider this and give it its full support.

I would like now to defer to my colleague from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. I thank the Chair.

Mr. President, let me ask unanimous consent that Senator CLELAND be also listed as an original cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WELLSTONE. I am pleased to work with Senator GRAMS on this amendment. I thank both the chairman of the committee, Senator ROTH, and Senator KERREY for all of their help. This is very important to people. If you visit people in communities that have been devastated by tornadoes in our State, to be able to have forgiveness of interest on late payment of taxes is extremely important. It seems to be a little thing, but it is real important to people in our State.

It has been a pleasure working with Senator GRAMS on this. I think we have done well. This will help people in our State. We thank all of our colleagues for their assistance.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, this is a good amendment, and I urge its adoption.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I concur and urge its adoption.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment.

The amendment (No. 2379) was agreed to.

Mr. KERREY. Mr. President, I move to reconsider the vote.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROTH. Mr. President, I make a point of order a quorum is not present.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DASCHLE. Mr. President, I commend both the chairman and the Democratic manager for their work on this bill over the last couple of days. I commend them for all that they have done. I think we will see a very strong vote as final passage is recorded this afternoon. It is largely to their credit.

I particularly want to commend my colleague Senator KERREY for the tremendous job that he has done over the course of now more than 12 months of work in an effort that has led to the point where we will pass what has been, at times, a very controversial issue. To see the overwhelming vote today is a tribute to him and to the leadership that he showed on the Commission and on the floor, and certainly in the committee.

While I have made no reservations about the difficulty many of us have with regard to the offset, an offset that I hope can be addressed in conference, an offset that will cost the Treasury and U.S. taxpayers some $46 billion—if it is possible to say "except for that," I will say: Except for that, this legislation is a major accomplishment that deserves the support on both sides of the aisle.

The other day, I was visiting on the Capitol steps with a group of high school students from Spearfish, SD. When I told them the Senate would vote this week on IRS reform, they actually burst into wild applause. That is not the usual reaction I get when I talk with people back home about what Congress is up to. So, today they will be pleased to learn that their cheers were heard and that we are changing the IRS as we know it.

Fortunately, the students didn't ask about the history of the IRS reform bill, because they already knew from their studies how a bill is supposed to become law. It might have been difficult to explain why this bill has taken such an unusual route.

We could have and should have passed IRS reform 6 months ago. The House did. They passed it 426 to 4 last November. The IRS reform legislation was the last thing we attempted to pass in the Senate last year and the first bill Democrats tried to pass when we reconvened in January. But in the last 6 months, between the time the House passed the bill and now, 120 million Americans filed tax returns without the benefit of the protections of this bill, 2 million taxpayers received audit notices, many millions more received collection notices, and not one

of them had the protections of this bill either. That is unfortunate and, in my view, unnecessary.

But that is behind us. Despite the slow road this bill has traveled, I am glad that we are finally able to vote on it today. So are those high school students from Spearfish, whom I talked to out on the Capitol steps on Tuesday. So are America's 120 million taxpayers.

The bill fundamentally changes the management and operation of the IRS. I will support this bill because it will make the IRS more accountable to, and respectful of, taxpayers. It will help transform the culture of the IRS to make customer service a top priority, the same as it is in the best-run private businesses.

Charles Rossotti, the new IRS Commissioner, has created a plan to do all of that. This bill gives him the tools he needs to carry out that plan and really begin shaking things up within that very troubled agency. This bill creates an outside board of directors for the IRS, who will ensure that the agency adopts practices that restore the balance of power between law-abiding taxpayers and the IRS employees. It explicitly bans the use of tax collection quotas as a tool for evaluating the effectiveness both of individual IRS employees and of whole divisions within the agency. This is a big step in the right direction. From now on, tax auditors will now be judged by the quality of the service they provide, not the quantity of money they collect.

Make no mistake, tax cheaters cheat us all, and the IRS should enforce our laws to the letter. But the sort of heavyhanded tactics that have been used by the IRS against some private citizens and businesses should absolutely never be tolerated. Under this bill, they will not be.

One of the ironies about the 6-month delay is that, while we have more answers about some things, we are now faced with a bigger question that didn't exist back in November. Last year, the Congress made a stand for fiscal responsibility by enacting a plan that would balance the Federal budget for the first time in 30 years. Speeches extolling the virtues of fiscal restraint echoed through this Chamber. And I ask my colleagues, is this bill consistent with the spirit of last year's historic balanced budget agreement? Is it consistent with our commitment to use the budget surplus to save Social Security first? Regrettably, the answer, as I noted a moment ago, is no.

Since this bill left the House, its price tag has more than tripled, and instead of paying for the added costs, the Senate has chosen, as it did so often in the days before the balanced Budget Act, to fudge it. This bill plugs the deficit hole in the first 10 years by creating an even bigger one—an estimated $46 billion hole in the second 10 years. As if this were not irresponsible enough, it creates that deficit by providing a new tax break that can only be used by people making more than $100,000 a year.

We know from recent experience how hard it is to balance the budget. We know there is no free lunch. So, who is it that will end up paying for this smoke-and-mirrors gimmick? The 95 percent of Americans making less than $100,000 a year? That is who, unfortunately, will be left paying that bill—the same people who are depending upon these budget surpluses to preserve their Social Security and Medicare benefits in the next century. This bill was supposed to be about protecting taxpayers, not fleecing them when they are not looking or before they are even born.

I will vote for this bill because the IRS is in dire need of reform. We have kept the new Commissioner waiting long enough for the authority he needs to do the job. More to the point, we have kept the American people waiting long enough for a new and better IRS. But I implore our conferees, don't ignore the funding problem in this bill. Fix it, so that the bill provides protection for taxpayers in the fullest sense of the word.

The American people want us to make the IRS more accountable. This bill will do that. At the same time, we must remember there is another important issue the American people want us to address. That is: What are we going to do to help families earn more money and keep more of the money they earn? That is why those high school students from Spearfish cheered. They assumed that, by passing an IRS reform bill, we are doing something that will improve the financial circumstances of working families. That is what the people in South Dakota and across the country really want Congress to do. If we don't do that, any "bounce" we get from this bill will be very short-lived.

Last year, we agreed on a 5-year plan to balance the Federal budget and at the same time invest in the citizens and the future of this great Nation. We are now in the process of crafting a budget that is the first real test of our ability to live within that agreement. In the coming weeks, as we debate the budget, let us keep our word on education and on child care and on health care. Last year we lightened the tax load on middle-class families by creating a new $500 child tax credit and a $1,500 tax credit for college expenses. In the coming weeks, as we debate the budget, let us further that commitment to tax fairness, not walk away from it.

This year, for the first time in 30 years, we will actually have a balanced Federal budget. In the coming weeks, as we debate the budget, let us remember how hard it has been to eliminate the deficit and what good has come from this fiscal discipline. Let us do nothing that would send us back to where we were 5 years ago, when we were looking at $300-billion-a-year deficits for as far as the eye could see.

The IRS bill is long overdue, but it is only a start. What the American people also want us to do is, they want us to provide them with some assurance that if they work hard and play by the rules, they will be able to make a decent life for themselves and their families. So let us pass this bill. And, in what little time we have remaining in this Congress, let us work together to keep the commitment we made last year to the issues and the matters and the priorities that really can make a difference in people's lives.

If we do that, the next time one of us is visiting on the steps of the Capitol with some young people from our State, we will be able to tell them something else they can cheer a lot about.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. GRASSLEY). The Senator from Nebraska.

Mr. KERREY. Let me congratulate the Democratic leader for an excellent statement. I couldn't have said it better myself. He is right; we have an excellent piece of legislation here. The law, as we are proposing it, will dramatically improve the kind of service that taxpayers get, make the IRS much more efficient, and give people much more confidence in Government of, by, and for the people. But it does have a funding flaw. I intend to vote for this bill myself. I pledge to do what I can to make certain that we find a correction of that funding flaw.

Mr. President, 177,000 people, according to the Joint Tax Committee, will pay $50,000.

These are individuals who are 70 years of age or older who make over $100,000 in mostly retirement income. So they have to have well over $1 million in liquid assets and earning assets that are producing that kind of income.

What they are going to do is pay $50,000 per person in order to convert a current IRA that produces taxable income into an IRA that has no taxation on that income. What is very likely to happen is they will have their estates transfer it to their heirs who will not pay tax at all.

These are not people struggling to save money. There is no social benefit you can calculate here. As the distinguished Democratic leader said, it does provide $8 billion in the first 3 or 4 years. We are doing it in the second 5, so there is time to correct this problem.

As you get into the outyears, at the very time we are looking at the baby boomers retiring, what we are going to do about Medicare and Social Security, that is going to be the dominant question around here at that particular

time. The cost of this program will widen up $2 billion, $3 billion, $4 billion a year. It is one of the things that looks good going in, because it looks cost free, but it certainly is not.

I appreciate very much the distinguished Democratic leader's statement. It is exactly what we need to be worried about as we head towards final passage of this legislation.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER (Mr. COCHRAN). The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I rise today in support of this legislation. I compliment Senator ROTH and Senator MOYNIHAN, for having the most significant oversight hearings that we have had in this Congress, indeed for the last several Congresses. A lot of us have said we need to do better oversight, and we talked about it but we didn't do it. This is the case where the Finance Committee had the first serious oversight of the IRS in our history. It is long overdue, and it uncovered a lot of things. It uncovered ugly examples of Government abuse of power, Government abuse of power which should never have happened, which was exposed, and I believe with this legislation, we are going to help correct it and make sure it doesn't happen again.

I compliment Senator ROTH and Senator MOYNIHAN for those hearings. Those hearings were initially held in September, and then we had follow-up hearings just last month. Each additional set of hearings kept showing abuses that were even more outlandish than the ones before, culminated by the fact that one disgruntled IRS agent actually had tried to set up Senator Howard Baker, and a Congressman and a district attorney. Unbelievable; unbelievable abuse of power. I compliment our colleagues for the oversight hearings.

I also compliment Senator KERREY and Senator GRASSLEY for their work on a commission that helped give us some material to produce good reform. We had the hearings, and we also had legislative oversight and some work done through their commission to produce recommendations for a positive legislative overhaul. I compliment both Senator GRASSLEY and Senator KERREY for their fine work in doing that.

Also, I compliment our colleagues in the House. We had the hearings in the Senate in September, and our colleagues in the House passed IRS reform legislation on November 5. I disagree with my colleagues on the Democratic side who said, "We should have passed the House bill." Senator ROTH and some of us said we can do better than the House, and I think we have. The House bill was a giant step in the right direction, but we have done a lot more than the House did. The House did not have legislation to deal with innocent spouse issues, which we also had hearings on and which showed a lot of innocent spouses were abused by the IRS system. We are correcting that in this legislation.

We had a hearing in Oklahoma. It was the first IRS field hearing that we have had. It was one I found very interesting. We had Oklahomans who testified about some of the problems they had. As a result of their testimony, we made this legislation better. I will give a couple of examples.

We had Lisa New, who is a young lady from Guthrie, OK, testify. She was a pet groomer. She groomed pets. She was a school bus driver, and she was a single mother. She owed the IRS $4,000 in 1986. She found out about it and went to the IRS. She said, "I owe you this money. I would like to pay it off $100 a month." IRS said, "No, we want it all immediately." She couldn't pay it, so the IRS put a lien on her home.

Her debt to the IRS, as of last month, totaled about $30,000 of interest and penalties on an original $4,000 debt back in 1986.

In this legislation, we say that penalties and interest will not accrue to the deficiency if the IRS does not notify the taxpayer within 1 year. We also say the IRS will be required to adopt a liberal acceptance policy for offers in compromise. They clearly did not do that in this case. We also say liens would not be allowed if the original tax debt was less than $5,000. So we make some changes.

We had another case where an individual, whom a lot of people in this room might recognize—he is somewhat of a well-known Olympic athlete coach—Steve Nunno. He was coach of the U.S. Olympic gymnastics team, coach of Shannon Miller, a great all-American coach. He had a problem with the IRS. His business grew a lot, and he was making quarterly payments for payroll taxes. Then his business grew some more. Suddenly, he was supposed to make payroll tax payments monthly. He got a little bit behind. He recognized that. He said he was willing to work it out, and he worked it out with an agent. They signed an agreement that if he makes these payments of so much per month over this period, that would be acceptable.

Then the IRS changed agents. A new agent came in and said, "No, we want to be paid immediately, and if you don't pay up immediately, we're going to put a padlock on your business and put a lien on your business." He was traveling in Europe with the U.S. Olympians and his team, and he had an IRS agent threatening to close down his gymnastics business. It is absolutely absurd. He borrowed the money. He was able to pay it off.

We put in provisions to make sure that would not happen again. We now say that a taxpayer will be given the opportunity of a court hearing before liens, levies or seizures. He is going to have a chance to have a hearing. He is going to have an appeals process. Not a single agent is going to be able to come in and say, "I disagree with you; if you don't pay up by"—such and such a date—"we are going to padlock your business." We protect that taxpayer. We say the IRS can only seize the taxpayer's business or home as a last resort.

Unfortunately, we found out in Oklahoma and Arkansas as a result of our investigation that we had seizure rates in this district about eight times the national average, and we even found that there were incentives for employees to close those cases. "We don't care if you seize the assets, close those cases," and people would receive financial benefits. We stopped that in this legislation.

We also say that notices to taxpayers must include the name and phone number of the IRS contact. They will know somebody to call. They are not going to get the runaround and talk to 15 different agents when they are trying to deal with a case. We have that in this legislation.

None of that, I might add, was in the House bill. None of it was in the House bill. I can mention a couple others.

We had Dr. Jim Highfill of Ponca City testify. He is a dentist. He had IRS agents come into his office and announce that he was under investigation. We put provisions in this bill that says the IRS will be reorganized so that small businesses will only work with IRS employees specializing in small business issues. That will help solve some of these problems.

We also say IRS employees who disclose taxpayer information, such as notices of summons, will be subject to termination. The IRS agents came into his office and said, "We've got a summons for this dentist," in front of his patients to embarrass him, to intimidate him. We now make those agents subject to termination.

We found abuse after abuse, and we found IRS agents were not terminated. I will mention that most of the 102,000 IRS agents and employees are outstanding civil servants, but some have abused their power, and they should be terminated for that abuse of power. In almost every case we listened to, they were not terminated.

We also say that advice from a CPA to a taxpayer will be privileged the same as advice from a tax attorney. I could go on.

We put a lot of provisions in the Senate bill that were not in the House bill. We made it better. I wouldn't say it is perfect, but I think it is a lot better. There was a reason for the Senate to be a little more deliberate. It was the Senate that had the initial hearings. The House marked up the bill, and, again, my compliments to the House. Sometimes they do things a little more

quickly, but sometimes we do them a little bit better.

This is a more thorough bill. This is a bill that has been researched better. We are solving more problems for taxpayers in this bill.

Finally, at the hearings that we had in the last couple of weeks, we heard different cases. In Texas, there was a business that had 32 employees, and 64 IRS agents raided the business. Their intent was to intimidate and abuse their power.

Or the case in Virginia Beach where an individual had a restaurant, a dozen or so IRS agents broke into his restaurant, his home, and his partner's home, broke his door down. They certainly abused their power. Agents who abuse their power should be terminated.

Or for example the investigation of Senator Baker and others, that was certainly abuse of power. Those people who supervised that IRS agent are also responsible, not just the bad apple in this case. He was eventually terminated because he was arrested for having cocaine in his car, not for the abuse of the investigation of a Senator, a Congressman, and a district attorney.

So not only should he have been disciplined, but his supervisor who did not corral him, after some very honest and good employees said, "Wait a minute; this investigation is going too far," and tried to stop it. Their supervisors did not discipline the person who was responsible. They should have been terminated. They should have felt the penalties for not reining in the IRS.

The IRS has been out of control. In many, many cases they abuse their power. So this bill is going to try to rein in the IRS, make the IRS more accountable to taxpayers, make sure that they understand the "S" in "Internal Revenue Service" stands for "service," that they are servants, that they work for the people, not the other way around, and that the people who are God-fearing and are willing to pay their taxes have nothing to fear of the IRS. They may have some disputes because of the complexity of the law, but if they are willing to pay their fair share of taxes, they are not trying to cheat the system, they should not fear the IRS gestapo-type tactics that we have heard about in recent weeks.

So I again want to compliment Senator ROTH and Senator MOYNIHAN, Senator GRASSLEY, Senator KERREY, and other people, who have worked to put together, I think, a very good bill, a positive bill, one that will be of real benefit to taxpayers and one that we can say, yes, we have done something positive, and we have worked together to make it happen.

I am pleased that now the President is supporting this bill. I might mention—I look at a statement from the Washington Post dated October 1, 1997. It says: President Clinton opposes legislative reform of the IRS saying, "I believe the IRS is functioning better today than it was 5 years ago."

He was speaking in reference to the Republican reform proposals. "We should not politicize it and we should not do anything that will in any way call into question whether it is even-handed or fair in the future."

Originally, President Clinton was against this bill. Originally, Secretary Rubin was against this bill. I am glad they decided they would support the House bill. I am glad they have decided they would support the Senate bill. Both are good pieces of legislation. Both need to pass. Both need to become law.

Mr. President, again, I thank the sponsors and look forward to this becoming the law of the land. I yield the floor.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. I gather we are waiting for one of our additional colleagues to complete one more item on this bill. I want to take the opportunity, if I can, to join my colleague from Oklahoma in commending the chairman of the committee—I see him now entering the Chamber here—and Senator ROTH, Senator MOYNIHAN, Senator KERREY, Senator GRASSLEY, and others from the Finance Committee who have been involved in producing this piece of legislation. I think this is going to carry overwhelmingly, maybe even unanimously. That is something we do not do that often around here. And that is a tribute to what I think more Americans want to see, and that is a sense of bipartisanship on issues like this.

This could have become highly controversial. But the fact that there has been such comity between the majority and minority I think has allowed us to produce the kind of legislation that we will be voting on shortly.

I am going to in a minute ask for the attention of the chairman of the Finance Committee because I want to raise an issue. And I will raise it and talk a little bit about it. Maybe he is going to go through his notes a little bit.

As our colleagues are aware, Senator BENNETT of Utah and I are chair and vice chair of this new special committee on the year 2000 problem, Mr. President. This is to deal with the computer glitch that now has received widespread publicity over the last number of weeks and is an issue that some raised several years ago in this country warning us of the problem we would face if we did not take care of the problems where on January 1, 2000, computer programs, instead of reading, "January 1, 2000," would read, "January 1, 00," and that would be computed by many to be "1900," not "2000."

It has been estimated that costs nationally and internationally could run anywhere from $300 billion to close to $2 trillion for this fix. Bob Rubin, the Secretary of the Treasury, has indicated that the fix at that Department alone, excluding, I believe, the Internal Revenue Service costs, is $1.4 billion just to become compliant with the year 2000 problem by September of next year, which is when the systems ought to be on line to be tested for 2 or 3 months before January 1, 2000, occurs.

There is an issue here that I believe the committee has tried to resolve. And my colleague from Nebraska, I know, is involved in this. And Senator MOYNIHAN, certainly, who is a member of our special committee, has also been involved in this. And that is so we don't find our reform efforts here running into the date problem of January 1, 2000. I would argue that that all of the problems consumers could face if the IRS were not compliant by January 1, 2000 are just as critical in many ways as the problems we are addressing today. That effort has been made in this bill to try to make sure that does not happen. And I gather further from talking with Senator BENNETT of Utah that provisions would be included that would allow for the Joint Taxation Committee to analyze what we are doing and that if, through the good efforts of the committee, it does not quite meet the needs, in conference we may have to move some dates a little bit.

I am not sure I am stating this very well at all. And I see the distinguished—either one of my two colleagues might want to respond, Mr. President.

Mr. KERREY. If the Senator would yield for a statement.

The Senator is exactly right. There is a tremendous problem with this Y2K issue, and that is going to be felt by taxpayers who are not going to get returns. They are not going to get refunds and not going to be able to deal with the IRS because the computers are not going to be able to function unless the Y2K problem is solved. And there is no margin for error; you cannot have it 99 percent, you have to have it 100 percent, or there will be far greater problems with the IRS than anything our oversight hearings and the Restructuring Commission hearings have identified.

I call to the Senator's attention—in fact, I think I should read it into the RECORD. Mr. Rossotti has, by the way, sent the Finance Committee a letter. Senator MOYNIHAN has an amendment that instructs us to delay some of the implementation, and I believe he is going to offer it later, and I think we have agreed to accept that amendment. I am not sure that solves the problem entirely. We have to talk to Mr. Rossotti about it. But let me read to the Senator what Mr. Rossotti said today, the IRS Commissioner said today, to the Ways and Means Committee. He said:

Finally, the Administration has serious concerns of the IRS restructuring legislation that require changes to IRS computer systems in 1998 and 1999. Mandating these changes according to schedule currently in the bill would make it virtually impossible for the IRS to ensure that its computer systems are Year 2000 compliant by January 1, 2000, and would create a genuine risk of a catastrophic failure of the Nation's tax collection system in the year 2000.

Mr. President, I say to the Senator from Connecticut, my hope is that the changes that we are going to make in a few minutes, that Senator MOYNIHAN and Senator ROTH and you and Senator BENNETT have called to our attention, I hope that gets the job done.

I think in conference we are going to have to listen to Commissioner Rossotti very, very carefully, because there is no question, if we do not get this thing fixed right, the problems that will be created by not being Y2K compliant will be much, much greater than any of the problems we currently have with the IRS.

Mr. DODD. I thank immensely my colleague from Nebraska for his comments. I do not know if I phrased this in the form of a question—sort of a statement I have made about my concerns about this.

I know the Senator from Delaware, Mr. President, shares these concerns. And he has been working with Senator MOYNIHAN, his ranking Democrat on this committee, to try to address this. And maybe he would care to comment as well as to where we stand with this.

Mr. ROTH. I think, I say to the distinguished Senator, that we are all very concerned about this problem of the year 2000. We must solve it. We have no alternative. We have no choice. So we are all going to work to accomplish that.

At the same time, it is critically important that we move ahead, bringing about the kind of reforms we have been debating and talking about this week. Neither one has to take a back seat. We want to move forward together. I assure you that we have been working with Senator MOYNIHAN, with Commissioner Rossotti, as well as Joint Taxation. And Senator MOYNIHAN will be offering an amendment that will address some of the concerns you are raising.

This is going to be an ongoing process. As time moves on, we may have to adjust, because we are going to make certain, as the committee with oversight responsibility, that this agency meets its obligations.

Mr. DODD. Mr. President, I thank my colleague and distinguished chairman of the committee for that point. I say we have just begun this special committee's work. We have not even had our first meetings yet. This body only authorized the expenditure of funds for this committee a few weeks ago. And there are seven of our colleagues, seven of us, who will serve on this select committee—four members from the majority and three from the minority, with Senator BENNETT of Utah chairing the effort.

We think it is an important issue that must be resolved. This committee obviously has to go forward with its reform package. And I just wanted to make sure we are on record here as saying this is a very critical issue, as the Senator from Nebraska has pointed out. This is one where you can't say we will fix it the second week in January or we will fix it in February of the year 2000. The IRS will have to be compliant and the Treasury will have to be compliant or we will have a huge mess on our hands.

AMENDMENT NO. 2380

(Purpose: To provide effective dates which allow the Internal Revenue Service to implement changes to the tax code and to meet the year 2000 computer conversion deadline)

Mr. DODD. Mr. President, if it is appropriate, I send an amendment to the desk to be offered by Senator MOYNIHAN, and I will send it on his behalf. Senator KERREY and I leave it open for others. Maybe Senator ROTH and Senator BENNETT may want to be part of it. I ask for its immediate consideration.

The PRESIDING OFFICER (Mr. ABRAHAM). The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Connecticut [Mr. DODD], for Mr. MOYNIHAN, for himself, Mr. ROTH, Mr. BENNETT, Mr. KERREY, and Mr. DODD, proposes an amendment numbered 2380.

Mr. DODD. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 308, line 12, insert "the 2nd and succeeding" before "calendar quarters".

On page 309, lines 7 and 8, strike "the date of the enactment of this Act" and insert "December 31, 1999".

On page 343, line 24, insert:

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act, except for automated collection system actions initiated before January 1, 2000.

On page 345, lines 6 and 7, strike "the date of the enactment of this Act" and insert "December 31, 1999".

On page 351, lines 13 and 14, strike "the date of the enactment of this Act" and insert "December 31, 1999".

On page 357, lines 6 and 7, strike "the date of the enactment of this Act" and insert "December 31, 1999".

On page 357, lines 9 and 10, strike "the date of the enactment of this Act" and insert "December 31, 1999".

On page 357, lines 16 and 17, and insert:

(B) December 31, 1999.

On page 362, lines 12 and 13, strike "the 60th day after the date of the enactment of this Act" and insert "December 31, 1999".

On page 382, line 2, strike "60 days after the date of the enactment of this Act" and insert "January 1, 2000".

On page 383, line 14, insert ", except that the removal of any designation under subsection (a)(2)(A) shall not be required to begin before January 1, 1999" after "Act".

Mr. DODD. Mr. President, the distinguished majority and minority have worked on this over the last number of days. I will let them speak for themselves as to their endorsement of it.

I appreciate the chairman's efforts in this regard. I am heartened by his comments that we will have to watch this, our little committee will, and we will keep the Finance Committee well informed. If we discover something, we will let you know very promptly if some other remedial legislative action may be necessary for us to respond to this issue. This will be true of other committees, as well, I say. This is a tremendously serious issue.

I see my colleague from Georgia has arrived on the floor, and I know Members want to move along. I am deeply grateful to the chairman and to the ranking minority member and to others for allowing us to offer this amendment. We think it will solve the problem raised here, that will minimize the dangers to the Treasury Department and the IRS noncompliance as we push reforms forward and find a crashing of the system, which, as the Senator from Nebraska has pointed out, would be, frankly, far more injurious than any of the problems we presently have. As bad as the current problems are, a total system crash would be an equally serious problem.

I will also offer some overall remarks about the bill, which the distinguished manager and others have presented with us this afternoon. I intend to support it, and I thank them for their efforts. As soon as I have concluded those remarks, I will yield the floor and allow the distinguished chairman and ranking member here, and others, to offer whatever comments they want on this amendment and thank them.

Mr. President, I commend my colleagues on the Senate Finance Committee, especially Chairman ROTH, Senator MOYNIHAN, and Senator KERREY of Nebraska for bringing this bill to the floor. It takes an important step forward in the effort to protect the rights of our nation's taxpayers.

The IRS is an agency under widespread, deeply felt, and entirely justified criticism. In my view, the bill before us today is perhaps one of the most critical the Senate will vote on this session.

It is no secret that the IRS has come under fire lately from taxpayers who, in their dealings with the agency, have experienced anger, frustration, and despair.

The hearings conducted by the Senate Finance Committee have highlighted some of the problems at the IRS, including shoddy management, poor taxpayer service, and in some cases, reports of taxpayer abuse by IRS employees.

No one likes to pay taxes, but taxes are a fact of life in a civilized society. Most Americans accept that fact.

What really gets people, however, is when personnel at the agency that collects their taxes treats them with disrespect and carelessness.

No one deserves such treatment.

I have heard from many Connecticut constituents about what they feel is unhelpful, unreasonable, and sometimes downright unpleasant treatment by officers of the IRS.

I've heard stories from them about calls that aren't answered, and about calls that are bounced from one person to the next, so that they never find a real answer to their questions, or receive any type of guidance or support.

I've heard about the nightmare of the IRS losing taxpayer's checks, and then charging them interest and penalties on the very funds that the agency lost.

The list goes on and on, Mr. President, and the more people you talk to, the more nightmares you hear.

Every citizen who pays taxes has a right to be treated fairly, and treated as innocent until proven liable for failing to meet their legal responsibilities. Although we have taken several steps in this regard in the last few years, there is still more that can be done, and that is why I support the bill before us today.

This legislation aims to transform this agency into an institution that provides efficient and fair service, yet still has the ability to effectively collect revenues.

The bill includes a number of important provisions to help America's taxpayers.

First, the legislation would shift the burden of proof away from the taxpayer, and expand the ability of taxpayers to recover costs and litigation fees. These provisions will help ensure that the IRS exercises appropriate caution and consideration prior to commencing enforcement action against any taxpayer. For too long we've seen a "shoot now, ask questions later" approach to enforcement by the IRS. These provisions are designed to see that the agency does its homework before taking any action.

Secondly, it would establish a new IRS Oversight Board made up of six members from the private sector, the IRS Commissioner, the Secretary of the Treasury, and a member from an employee organization that represents a substantial number of IRS employees. This board would, among other things, review the operations of the IRS to ensure that our nation's taxpayers are properly treated.

Third, this bill would establish the position of the National Taxpayer Advocate who would have a background in customer service and tax law, as well as experience representing individual taxpayers to further ensure that taxpayers are treated fairly and that their rights are not violated. In addition, the bill would create a system of local taxpayer advocates thereby making the IRS more accessible and responsive to taxpayers on a local level.

Fourth, this legislation would provide so-called innocent spouses with a measure of relief by allowing taxpayers to elect to limit their liability to the tax attributable to their income only. I'm sure that many of my colleagues have heard stories similar to those I've heard in Connecticut, about people who have become financially wiped out when they find themselves liable for taxes, interest, and penalties because of actions by their spouse of which they were unaware. The innocent spouse provisions would help prevent such scenarios from occurring in the future.

Fifth, this bill would require the IRS to provide taxpayers with better information regarding taxpayer rights, potential liabilities when filing joint returns, and the appeals and collections process, and would extend the attorney-client privilege confidentiality to any individual authorized to practice before the IRS, including certified public accountants, and enrolled agents and actuaries.

This legislation also includes a number of provisions designed to give the IRS Commissioner flexibility to make structural and personnel decisions in order to attract expertise from the private sector, redesign its salary and incentive structures to reward employees who meet objectives, and hold non-performing employees accountable. Furthermore, it requires the IRS to terminate employees for certain proven violations, chief of which are actions that mistreat taxpayers.

Finally, while this bill gives a degree of flexibility to the IRS to make reforms internally, it also makes sure that there remains a measure of Congressional accountability by requiring the IRS Commissioner to report annually to Congress.

Obviously, Mr. President, the IRS is in need of dire reform and we must hold it to the highest standards of efficiency and competence.

And, while I acknowledge and applaud the good work Commissioner Rossotti has already put forth to turn this agency around, it is clear that there is much left to be done.

The legislation before us today, which enjoys broad, bipartisan support, is a tremendous step forward in our effort to protect the rights of our nation's taxpayers, and we owe it to them to pass this bill favorably. I urge my colleagues to join me in supporting the IRS Restructuring and Reform Act of 1998.

Mr. MOYNIHAN. Mr. President, January 1, 2000 is just over 600 days away. The century date change, or Y2K for short, is a matter of large and serious consequence. In testimony before the Senate Commerce, Committee, Federal Reserve Board Governor Edward Kelley Jr. estimated that U.S. businesses will spend at least $50 billion on Y2K conversion, with the worldwide repair cost potentially exceeding $300 billion.

The century date change is also an issue of surpassing difficulty for the Internal Revenue Service. IRS Commissioner Charles Rossotti recently stated in a USA Today interview:

> The most compelling thing by far is fixing the computers so they don't stop working on Jan. 1, 2000. . . . If we don't fix (them), there will be 90 million people 21 months from now who won't get refunds. The whole financial system of the United States will come to a halt. It's very serious. It no only could happen, it will happen if we don't fix it right.

In testimony before the Finance Committee last year, Linda Willis of the General Accounting Office suggested that "the IRS [may be] the largest civilian year 2000 conversion, at least in the country, and possibly in the world." She also testified that the Y2K problem could be "catastrophic" if not addressed.

The century date change is the highest technology priority at the IRS; more than 550 employees are at work on Y2K conversion-related activities. The IRS will spend approximately $1 billion to become Y2K compliant.

Unfortunately, the IRS has begun to experience complications in its Y2K conversion efforts. On January 23, the Associated Press reported that "about 1,000 taxpayers who were current in their tax installment agreements were suddenly declared in default," caused by "an attempt to fix a Year 2000 issue in one of the IRS computers."

In addition, last year's Taxpayer Relief Act included hundreds of changes in the tax laws, requiring diversions of scarce IRS computer programming resources and causing a 3 month delay in the Agency's Y2K efforts.

The Y2K problem is more complex than it may seem. The IRS computers are outdated; the reprogramming must be done in obsolete computer languages that are no longer taught in schools.

Mr. President, it was with these challenges in mind that Senator KERREY and I offered this amendment to briefly delay some of the effective dates in the Finance Committee's IRS Restructuring legislation in order to allow time for the Y2K conversion to be completed. This amendment has been drafted based on Commissioner Rossotti's recommendations, and has been modified after consultations with the Majority.

The amendment would delay the effective date on a list of provisions from date of enactment until after the century date change.

Regrettably, we were unable to reach agreement with the majority on additional effective date delays that Commissioner Rossotti has recommended. I fear we will come to regret this.

Mr. President I hope that in conference we will examine these effective

dates again, and that we will agree to change those that risk interfering with Commissioner Rossotti's Y2K conversion program. I thank the chair and yield the floor.

Mr. ROTH. Mr. President, I rise in order to accept this amendment—which deals with the effective dates of many of the provisions in the IRS Restructuring Bill.

As I have stated before, this legislation has three main purposes—first, to reorganize, restructure, and re-equip the IRS to make it more customer friendly in its tax-collecting mission; second, to protect taxpayers from abusive practices and procedures of the IRS. And third, to deal with the management problem and misconduct of some IRS employees.

In order to accomplish these goals—to bring about fundamental reform, we are enacting numerous provisions. Some of those provisions will require the IRS to undergo significant reprogramming of its systems; some of them can be accomplished with little burden.

I recognize that the IRS needs to continue to function at the same time that it makes these important changes. The IRS also needs to deal with massive computer reprogramming brought about by the century date change—the so called "year 2000 problem."

It is not my intention to impose unreasonable effective dates on the IRS. At the same time, I recognize that sometimes we need to push the IRS, to prompt it to make changes. We should not simply defer to their assessment that they will be unable to accomplish the goals we have set.

On April 23, Commissioner Rossotti expressed his concern that the effective dates in our bill could severely impact the ability of the IRS to deal with the year 2000 computer problem. I understood his position.

Nevertheless, I believed then, and I believe now, that justice delayed is justice denied. Many of the reforms in our bill are long overdue. Taxpayers have already been waiting for them for a long time. Innocent spouses should not have to wait any longer for relief. Taxpayers in installment agreements should not have to wait any longer for reduction of their failure to pay penalty. Taxpayers subject to IRS audits should not have to wait any longer for the IRS to complete its business.

To find a middle ground, I asked the staff of the Joint Committee on Taxation to meet with representatives of the IRS in order to discuss the impact of the effective dates. Joint Tax did so, and on Tuesday, May 5, they provided Senator MOYNIHAN and me with their recommendations.

Joint Tax recommended that many of the effective dates remain the same, but that some others be delayed.

This amendment adopts most of the recommendations made by Joint Tax. Specifically, the amendment does not delay the effective date for the major taxpayer protections in the bill.

The amendment does not delay innocent spouse relief—in other words, as of the date of enactment of this bill, innocent spouses will no longer suffer under the burden of paying for their spouse's tax fraud.

The amendment also does not delay due process for taxpayers—meaning that among other things, taxpayers will receive rights of appeal and rights of notice before their property is seized. These are fundamental rights that we should get to taxpayers as soon as possible.

The amendment also does not delay what we have referred to as the one year rule. This means that effective next tax year—1998—taxpayers will know that the IRS has one year to tell them whether they owe any additional tax. If the IRS is delinquent, all interest and penalties on that additional tax will be suspended until the IRS gets its act together and notifies the taxpayer of the deficiency.

The amendment also does not delay what we refer to as cascading penalties. That means that taxpayers can designate which period their deposits are applied to, and can avoid the situation where a taxpayer is making payments, but nevertheless, accruing penalties even faster.

I have said already, these reforms are long overdue. Our guiding principle should be rapid relief for American taxpayers—for the individuals who have suffered long enough because of the practices and procedures of the IRS. This bill is all about taxpayer protections. We should deliver those protections to taxpayers as soon as possible.

I note that President Clinton recently stated that these reforms should be enacted as soon as possible. I assume that he did not mean that the law should go into effect two years from now.

Mr. President, this bill is also about changing the culture of the IRS. Under Chairman Rossotti's leadership, that had already begun. We expect that to continue. The fact that we are accommodating some of the IRS' requests and delaying certain effective dates should not be taken as a sign that we are not serious about reforming the agency. On that subject, let there be no mistake. This bill will bring about fundamental change at an agency that is in dire need of such change. We expect the IRS to improve its service—to change its culture—to be more responsive to taxpayers—at the same time that it implements its system changes.

For those reasons, Mr. President, I will accept this amendment.

Mr. DODD. I have been informed by my colleague from Utah, Senator BENNETT, chairman of the select committee of the year 2000 problem, would like to be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERREY. Mr. President, the amendment is acceptable on this side. It was Senator MOYNIHAN's amendment initially. I urge its adoption.

Mr. ROTH. Mr. President, I urge the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2380) was agreed to.

Mr. DODD. I move to reconsider the vote.

Mr. KERREY. I move to lay it on the table.

The motion to lay on the table was agreed to.

Mr. ROTH. I ask unanimous consent when Senator COVERDELL offers an amendment regarding random audits, there be 15 minutes equally divided for debate on the amendment. I further ask unanimous consent following the expiration or yielding back of time, the Senate proceed to vote on or in relation to that Coverdell amendment. Further, that no amendments be in order to the Coverdell amendment prior to the vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COCHRAN. Mr. President, reserving the right to object, does this proposal preclude the consideration of any further amendments before third reading?

Mr. ROTH. Senator COLLINS has an amendment.

Mr. COCHRAN. I withdraw my reservation.

Mr. KERREY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KERREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERREY. I do not object to the unanimous consent request of the Senator from Delaware, Mr. ROTH.

The PRESIDING OFFICER. Is there objection to the unanimous consent request?

Without objection, it is so ordered.

The Senator from Georgia is recognized.

AMENDMENT NO. 2353

(Purpose: To amend the Internal Revenue Code of 1986 to prohibit the use of random audits, and for other purposes)

Mr. COVERDELL. I call up amendment 2353, which I believe is at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Georgia [Mr. COVERDELL], for himself, Mr. COCHRAN,

Mr. FRIST and Mr. HAGEL, proposes an amendment numbered 2353.

Mr. COVERDELL. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 342, after line 24, add:

SEC. 3418. PROHIBITION OF RANDOM AUDITS.

(a) IN GENERAL.—Section 7602 (relating to examination of books and witnesses), as amended by section 3417, is amended by adding at the end the following new subsection:

"(f) LIMITATIONS OF AUTHORITY TO EXAMINE.—

"(1) IDENTIFICATION OF PURPOSE AND BASIS FOR EXAMINATION REQUIRED.—In taking any action under subsection (a), the Secretary shall identify in plain language the purpose and the basis for initiating an examination in any notice of such an examination to any person described in subsection (a).

"(2) RANDOM AUDITS PROHIBITED.—The Secretary shall not base, in whole or in part, the initiation of an examination of a return under subsection (a) on the use of a statistically random return selection technique from a population or subpopulation."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to examinations initiated after April 29, 1998.

Mr. COVERDELL. Mr. President, I am going to be brief. This amendment is designed to end random audits. The IRS said they did not do them. I was suspicious. GAO says they do.

The GAO tell us 95 percent of the random audits today are focused on poor people, and there are a disproportionate number of them in the South and in my State. I don't believe it is the American way to have random audits. There is nothing in the return that suggests anything wrong and yet, bang, you spin a roulette wheel and out you come and they are in your face. It is unconscionable that they are in the face of poor people who are least equipped to deal with it.

The GAO says to end these random audits would deny the Federal Government a precious $2.8 million. Late this afternoon, the Joint Tax Committee has said it would cause revenues of $1 billion a year.

This is why people are so upset with this city, the gamesmanship that has to be played in order to correct something that is absolutely wrong. The rules are working against me tonight but I will be back. This GAO report shows conclusively that something needs to be done. We will have our vote tonight. In deference to everybody's time, I won't belabor it.

I believe the Senator from Mississippi would like to speak on this from our time, and I yield to the Senator from Mississippi.

Mr. COCHRAN. Mr. President, when the distinguished Senator from Georgia brought this problem up and I had a chance to look at some of the information, the GAO audit showed there are 3,000 audits of this kind performed each year. Of those audits, the report showed that 47 percent of them took place in Southern States.

I looked further and saw that the GAO found that there were more random audits that took place in my State of Mississippi than in all of the States of New England combined. I couldn't believe that. I wondered why on Earth is that and then we find out that it is the working poor who are being targeted by these random audits.

The numbers are just startling. Between 1994 and 1996, 94 percent of random audits were performed on individual taxpayers who earned less than $25,000 per year. If you think about that, these are people who probably don't normally retain a lawyer or maybe even a CPA or other tax advisor in the preparation of their audits.

So what the amendment would do, which I cosponsor with the Senator from Georgia, is to require the IRS to give notice of why they are conducting an audit of taxpayers like this. It raises a question of just obvious unfairness. On its face, it is unfair and it ought to be changed.

Mr. KERREY. Mr. President, I think the distinguished Senators from Georgia and Mississippi have identified a problem, a dilemma we all face from time to time. We sometimes get a score back from Joint Tax that seems much higher than is logical, and that is what happened in this case. So there will be a point of order that will have to be urged against this amendment as a consequence of violating the pay-go provisions of the Budget Act, section 202.

I regret that because I believe the Senators from Georgia and Mississippi have identified a legitimate problem. I am frustrated myself in not being able to deal with it in a more orderly fashion. It is something the Finance Committee needs to take up and hold hearings on, ask the IRS to come and tell us what they are doing in this case.

It seems to me that both the Senator from Georgia and the Senator from Mississippi have identified a problem, and it is very difficult to defend the IRS behavior in this case. I appreciate them bringing it to our attention. I regret that you find yourselves, as many of us have before, in the situation where you get a score back from the Joint Tax Committee that seems, to say the least, a bit higher and that provokes, as a consequence, a point of order.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. LOTT. Mr. President, I had not intended to speak on this amendment, but I did want to speak in wrap-up on the bill itself, and also to notify the Members of what the schedule would be. This seems like a good time to do all of them because I have been inspired to want to speak on this amendment.

I want to associate myself with the remarks of the Senator from Georgia, and especially my colleague from Mississippi. This is totally outrageous that this kind of random audit is going on, and the people who are getting the brunt of it are the people at the low end of the scale, from a poor State like my own State of Mississippi.

As a matter of fact, I believe we first got the inkling that this was going on at hearings last fall when we had hearings in the Finance Committee, because I remember being struck by the fact that States like Mississippi and Idaho were the ones that had a disproportionate share of these random audits.

I think a great job has been done on this bill, and there has been bipartisan input. But this is an unfairness that cannot be allowed to go on. I am going to support this amendment. I realize it is going to be difficult, under the circumstances. But I plead now with the chairman and the ranking member to get into this because we cannot allow this to continue. It is just another example of the type of thing going on at the IRS that I think Senators and the American people, frankly, as a group, have been shocked to learn from the hearings that we had, and as we are finding out more information. I commend the Senator for his amendment. I call upon the committee to do more on this and to work to make sure the IRS stops this kind of conduct.

ORDER OF PROCEDURE

Mr. President, for the information of all Senators, so they will have a feel for what is going to be happening in the next few minutes, I believe this will be the last vote on an amendment. Shortly, we will be going to final passage on the IRS restructuring and reform bill—hopefully, within the next few minutes. That will be the last vote of the day when we get to final passage. The Senate will be in session tomorrow for morning business speeches, confirmation of some Executive Calendar nominations, and the entering into of several time agreements with respect to energy legislation. However, no votes will occur during Friday's session of the Senate.

On Monday, May 11, the Senate will consider a conference report, along with, hopefully, at least three of the so-called high-tech bills. We are working through the process now to clear those. The three we are looking at on Monday are the S. 1618, an antislamming bill; S. 1260, a uniform standards bill; S. 1723, skilled workers legislation. The Senator in the Chair has been encouraging that. We are "hotlining" to get those clear.

However, because of a particular problem with one of our Senators who has had a death in the family, we will not have any recorded votes during Monday's session of the Senate. But there will be business on probably at

least four major items. The Senate will also begin consideration of Calendar No. 345, S. 1873, the missile defense bill, which will be offered by the Senator from Mississippi, Senator COCHRAN.

On Tuesday, the Senate will attempt to reach a time agreement on the D'Amato bill regarding in-patient health care for breast cancer, and resume and complete action on any of the high-tech bills not completed on Monday. Any votes ordered Monday will be postponed, to occur on Tuesday, May 12, at approximately noon. The latter part of next week, we expect to call up the DOD authorization bill.

I want to thank my colleagues for their cooperation in lining up this schedule. Senator DASCHLE has been very helpful. Also, I thank our colleagues for the cooperation they have given us on the important legislation that is before us. I thank Senator ROTH for his determined leadership on this very important effort of reform and restructuring of the IRS. Others were prepared to rush to judgment, but he said, no, there is more to be done, there is more to know and more work that we need to do on this important legislation. He persisted and he was right. We have learned more and we have a better bill. I appreciate the cooperation of Senator MOYNIHAN. Senator KERREY has been very much involved, and I am glad that we have reached a conclusion. The American people expect this. There is no issue now. I find, when I go to my State, or others, nothing gets people more upset than what they have experienced in dealing with the IRS.

Do they have an important job to do? Yes. Are there a lot of IRS agents who do good work and don't like the intimidation and threats and coverups going on there because of the misconduct? Yes, there are good people there. But we have to stop the culture of intimidation, and we have to shift the burden to the IRS, away from the taxpayer. We have to stop some of the payments that they are having thrust upon them. We have to stop a system that protects workers at IRS that misbehave.

I think this bill will be a major step in that direction. It may not be enough. This may be just the third in the Taxpayer Bill of Rights. There may have to be a fourth and a fifth. But the Senate, the Congress cannot let up. So I am pleased that we are going to bring this to a conclusion this afternoon. I thank all the Senators who have been involved in this effort.

I yield the floor.

Mr. KERREY. Mr. President, does the Senator from Georgia have any final statements?

Mr. COVERDELL. No.

Mr. KERREY. According to the Joint Tax, as a consequence of the broad nature of the prohibition of random audits, I believe this may end up being the language:

> The Secretary shall not use, in whole or in part, in the initiation and examination of a return, under subsection (a), the use of a statistically random selection technique for the population of subpopulation.

Random audits can work. In this case, the Senator from Georgia and the Senator from Mississippi have identified a problem with random audits, and the problem is, if you throw them all out, it is a big cost—Joint Tax says a billion dollars a year. So when all time is yielded back, I am prepared to make a point of order against the amendment.

Mr. COVERDELL. Mr. President, let me simply say that the incongruity cannot be more clear that the agency says it doesn't do random audits; yet, if they are prohibited, it would cost a billion dollars a year. We have a problem we have to iron out here. As I said, GAO said it is $2.8 million. In deference to everybody's schedule here, I am prepared to respond to the motion from the Senator from Nebraska.

Mr. KERREY. Mr. President, to be clear, so Members understand, the IRS uses random audits for noncompliant taxpayers. We heard this problem a bit as well during the National Commission on Restructuring. A lot has to do with the ITC, and the effort we have had underway for several years is appropriate. But the effort that we have had to go after fraud under the ITC is producing a tremendous amount of problems. We regard noncompliance to be noncompliance, whether it is high income, middle income, or low income. If you have a noncompliant person in ITC, you are doing a random audit. So I believe that may be the problem.

Again, I pledge to the Senators from Georgia and Mississippi that this is something our committee needs to follow up on. It needs to follow up and find out what the details are. As I said, I regret that at some point, when time is yielded back, I will make a budget point of order.

Mr. COVERDELL. I yield back all time.

Mr. KERREY. Mr. President, I make a budget point of order that the amendment violates the pay-go provisions of the budget resolution.

Mr. COVERDELL. Mr. President, I move to waive the point of order and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. ROTH. Mr. President, I ask unanimous consent that the pending motion be laid aside and a vote occur on or in relation to the amendment at a time to be determined by the majority manager after notification of the Democratic manager, with no amendments in order.

Mr. COVERDELL. Mr. President, will the Senator explain to me the consequence of the unanimous consent? In other words, when will the vote on the motion to waive the point of order occur?

Mr. ROTH. We have one further amendment that I am aware of and some close-up business. But then we would have the vote on the motion as the final vote.

Mr. COCHRAN. Mr. President, reserving the right to object.

The PRESIDING OFFICER (Mr. BENNETT). The Senator from Mississippi is recognized.

Mr. COCHRAN. Mr. President, may I ask the manager of the bill whether or not this unanimous consent request would preclude raising another amendment other than the one that the distinguished Senator from Maine is going to raise prior to third reading?

Mr. ROTH. The answer is no.

Mr. COCHRAN. I withdraw my reservation.

Mr. KERREY. Mr. President, may I ask the distinguished Senator from Mississippi is he referencing an amendment that was included in the earlier unanimous consent, or is he talking about adding an amendment that was not included in the unanimous consent.

Mr. COCHRAN. Mr. President, my purpose is to raise an issue that I gave to the managers of the bill earlier. It relates to an amendment that I proposed to offer and was hoping that the managers would be able to accept.

Mr. KERREY. Mr. President, we have a problem here then, because this would require a unanimous consent to add an additional amendment that was not on the earlier unanimous consent request.

The PRESIDING OFFICER. There is a unanimous consent request before the body. The Chair asks if there is objection raised?

Mr. KERREY. Is the unanimous consent request to add an additional amendment?

Mr. ROTH. No.

The PRESIDING OFFICER. The unanimous consent is to set aside the motion to waive for the consideration of another amendment prior to the vote.

Is there objection?

Mr. ROTH. In other words, the purpose is to stack the votes.

Mr. KERREY. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Delaware.

Mr. ROTH. Mr. President, I think the distinguished Senator from Maine now seeks recognition.

Ms. COLLINS addressed the Chair.

The PRESIDING OFFICER. The Senator from Maine.

AMENDMENT NO. 2381

(Purpose: To amend the Internal Revenue Code of 1986 to modify the reporting requirements in connection with the education tax credit)

Ms. COLLINS. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Maine (Ms. COLLINS), for herself, and Mr. DEWINE, proposes an amendment numbered 2381.

Ms. COLLINS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of subtitle H of title III, add the following:

SEC. . REPORTING REQUIREMENTS IN CONNECTION WITH EDUCATION TAX CREDIT.

(a) AMOUNTS TO BE REPORTED.—Subparagraph (C) of section 6050S(b)(2) is amended—

(1) in clause (i), by inserting "and any grant amount received by such individual and processed through the institution during such calendar year" after "calendar year",

(2) in clause (ii), by inserting "by the person making such return" after "year", and

(3) in clause (iii), by inserting "and" at the end.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to returns required to be filed with respect to taxable years beginning after December 31, 1998.

Ms. COLLINS. Mr. President, Senator DEWINE and I are offering an amendment to reduce some of the burdensome reporting requirements placed on educational institutions by the Hope Scholarship and Lifetime Learning Tax Credits.

These education tax incentives, which Congress created last year, are of great benefit to students and their families. Unfortunately, our attempt to expand educational opportunities has had the unintended effect of imposing a burdensome and costly reporting requirement on our post-secondary schools.

Beginning with tax year 1998, every college, university, and proprietary school will have to provide the IRS with an array of information that will do little, if anything, to assist in tax collection. Not only will these schools have to report Social Security numbers and the amount of qualified tuition and aid for each student, the schools will also have to report to the IRS on the students' attendance status and program level.

But that is not all, and the reporting requirements do not stop there, Mr. President. The schools will also be required to report either a taxpayer ID number or Social Security number for the person who will claim the tax credit—generally a parent or a guardian—for all students who do not claim the tax credit themselves.

This administrative nightmare translates into real money.

The American Council on Education has estimated that this reporting requirement will cost our colleges and universities $115 million in 1998 and $136 million in 1999.

Mr. President, I ask unanimous consent that a letter from the American Council on Education relating to the results of its cost survey be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

AMERICAN COUNCIL ON EDUCATION,
Washington, DC, April 22, 1998.

Hon. SUSAN M. COLLINS,
U.S. Senate, Washington, DC.

DEAR SENATOR COLLINS: Thank you for your leadership in addressing the reporting requirements imposed on colleges and universities by the education tax provisions established by the Taxpayer Relief Act of 1997.

The benefits of the Hope and Lifetime Learning tax credits to individual taxpayers and to the nation's human capital will be enormous. However, the costs imposed on colleges and universities to collect and report data to the federal government on the estimated 25 million individuals who are eligible for the credits will be exorbitant.

As you may recall, the higher education community formed a task force comprised of campus officials and staff from nine associations to analyze and document the full extent of the burden these regulations pose. Chaired by James E. Morley Jr., president of the National Association of College and University Business Officers (NACUBO), this task force asked institutions to prepare cost estimates for compliance with the reporting requirements based on a standard template prepared by NACUBO.

Our initial estimates indicate that the aggregate costs to colleges and universities of complying with the Taxpayer Relief Act reporting requirements will be approximately $115 million for tax year 1998 and $136 million for tax year 1999. The average cost of compliance increases in tax year 1999 because of an increase in the number of students benefiting from the tax credits.

When broken down on a per student basis, these costs translate into $3.41 per student record for 1998, and $2.90 per student record for 1999. These costs account for resources required to obtain student data, file information returns, integrate student data, respond to questions, and for 1999, to obtain, process, and maintain information on individuals certified by students as taxpayers who will claim a tax credit.

The per student average camouflages the tremendous variation in compliance costs among the nation's 6,000 institutions of higher education. The per student cost is estimated to be as low as $1.40 at one research university and as high as $21.00 at another institution. These variations are attributable to the number of students enrolled and the sophistication of campus information systems. The California Community College system, for example, which is comprised of 107 colleges and services over 2.4 million students, estimates it will cost $20 million just to develop a system to comply with the reporting requirements. Ongoing costs of complying with the requirements are estimated to be $12.6 million per year.

We will continue to gather information to refine these estimates in the weeks ahead. Nonetheless, the preliminary figures highlight the challenges colleges and universities are confronting as they develop systems to comply with reporting requirements introduced by the Taxpayer Relief Act of 1997.

Thank you again for your leadership and commitment to reducing this burden. We look forward to continuing to work closely with you to address this issue.

Sincerely,

TERRY W. HARTLE,
Senior Vice President.

Ms. COLLINS. Mr. President, we should not delude ourselves about who will end up paying the cost and price of these requirements. Ultimately, the cost of compliance will be shifted from the schools to the students and their families. As a result, the value of the Hope Scholarship Program and Lifetime Learning Tax Credit will be diminished.

Mr. President, the IRS has complained that eliminating these reporting requirements will be too expensive, essentially arguing that too many people who are not entitled to claim the exemption will do so. I find this logic curious because with the other exemptions and credits in the code, we require the taxpayers to report the necessary information on their tax returns and maintain records of their expenses to support any tax credit or deduction that they claim. It seems to me that the education tax credits should receive the same treatment.

But let's assume that the IRS is correct, Mr. President, and that the education tax credits should be treated differently—if that is the case, why should the burden fall on our nation's colleges and universities?

The fact is that the IRS already collects much of the information needed to verify the validity of the tax credits.

Mr. President, I would like to ask the chairman of the committee and the distinguished ranking minority member to join with Senator DEWINE and me in a request to the Joint Committee on Taxation to study this issue and to look specifically at what the cost would be to the IRS to develop a system to ensure compliance based on information that it already requires taxpayers to file. For example, taxpayers are already required to file the name and the Social Security number for their dependents. Many experts maintain that the IRS already has much of the information that it needs. It simply needs to modify its software to allow it to conduct matches to verify the information.

Mr. President, it certainly is worth determining whether the cost to the IRS would be less than or more than the $115 million that it will cost our universities and colleges each year to comply with the paperwork associated with these credits.

Mr. President, the rationale for the Hope and Lifetime Learning credits was to make postsecondary education more affordable, and thus more accessible to lower- and middle-income families. Unfortunately, what Congress has given with one hand it has taken away at least in part with its regulatory hand. It is within our power to fix this problem. We should do so soon.

Tonight, pending the resolution of the larger issue, we can take one small step to alleviate some of the burden imposed upon our colleges and universities. The amendment that Senator

DEWINE and I are offering will change the requirement for reporting the tuition and grant aid pertaining to each student in a manner that will make it somewhat easier for our postsecondary institutions to comply. The Joint Committee on Taxation has scored the cost impact of the change as being negligible, but the revision will help our colleges and universities.

I urge adoption of the amendment. I hope to have the cooperation of the chairman and ranking minority member in addressing the larger issue.

Now I would like to yield to my colleague from Ohio and my cosponsor, Senator DEWINE.

Mr. DEWINE addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. DEWINE. Mr. President, I want to take a minute to speak on behalf of an amendment that Senator COLLINS and I have introduced to H.R. 2676, the IRS Reform bill.

Our amendment is common-sense legislation that will repeal certain reporting requirements placed upon colleges and universities under Section 6050 S of the Internal Revenue Code.

Here is the problem: Current law relating to the Hope Scholarship and the Lifetime Learning tax credit requires all colleges and universities to comply with burdensome and costly regulations. The Taxpayer Relief Act of 1997 contained a provision requiring colleges, universities and trade schools to begin issuing annual reports to students and the Internal Revenue Service detailing the students' tuition payments in case they apply for the new education tax credits. Preliminary analysis shows the reporting requirements will cost the 6,000 colleges in America more than $125 million to implement, and tens of millions of dollars annually to maintain.

In realistic terms, if the new reporting requirement is not lifted off the backs of colleges and universities, those schools will be forced to raise tuition costs to cover the unfunded mandate. In effect, students and families will not benefit from the passage of the Hope Scholarship—because the money received from the tax credit will have to be used to pay the higher tuition.

Mr. President, our amendment is simple, fair legislation that will greatly benefit any persons who want to obtain an education.

In fact, similar legislation has already been introduced in the House of Representatives by Congressman DONALD MANZULLO (R-IL). The House bill is supported by a bipartisan coalition comprised of 89 Members of the House.

Senator COLLINS and I originally wanted to introduce the entire text of our legislation, S. 1724, as an amendment to the IRS Reform bill. Under current regulations, schools are required to report information to the IRS on 100 percent of their students, even though only a minority of students are expected to be eligible for the tax credit. S. 1724 would repeal this requirement. S. 1724 has been endorsed by the American Association of State Colleges and Universities, the American Association of Community Colleges, the National Association of State Universities and Land Grant Colleges, the American Council on Education, and a bi-partisan group of 19 Senators.

However, because of concerns which have been raised, we have modified our amendment. While this amendment does eliminate a regulatory burden placed on universities, it is only one part of what we want to accomplish. I want to assure everyone that is concerned about the increasing costs of higher education, that we will continue to fight to eliminate unnecessary costs.

Mr. President, I ask my colleagues to support our amendment. It is commonsense, effective legislation. I also want to thank Senator ROTH for his leadership on this issue and I appreciate his work with us on this amendment.

Mr. President, I ask unanimous consent that letters from Cuyahoga Community College, Columbus State, North Central Technical College, Shawnee State University, Cleveland State University, Bowling Green State University, Belmont Technical College, and the Ohio Association of Community Colleges in support of our legislation be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SHAWNEE STATE UNIVERSITY,
Portsmouth, OH, January 29, 1998.

Hon. MIKE DEWINE,
Russell Senate Building, Washington, DC.

Re: Higher Education Reporting Relief Act of 1998.

DEAR SENATOR DEWINE: I am writing to you to solicit your support of the Higher Education Reporting Relief Act of 1998 which Representative Donald A. Manzullo intends to introduce in Congress. This Act will repeal Section 6050S of the Internal Revenue Code, which was added last year as part of the Hope Scholarships and Lifetime Learning tax credits.

While I was very supportive of the Hope Scholarship and Lifetime Learning tax credit, the burden placed on universities to report the data required in Section 6050S IRC to taxpayers and families increases the cost of higher education, dilutes the benefit, and is unnecessary for the implementation of these tax benefits.

Most other tax credits and deductions do not place such a data collection and reporting requirement on the provider of service. This should be made a "self-reporting" requirement subject to substantiation by records of college attendance maintained by the taxpayer. For a smaller university like Shawnee State, this new reporting requirement has a bigger impact on our operations than some of the larger land grant institutions.

I urge your support of Representative Manzullo's legislation to relieve higher education from this burdensome reporting requirement.

Sincerely yours,

CLIVE C. VERI,
President.

BOWLING GREEN STATE UNIVERSITY,
Bowling Green, Ohio, February 5, 1998.

Hon. R. MICHAEL DEWINE,
U.S. Senate, Russell Senate Building, Washington, DC.

DEAR SENATOR DEWINE: I am writing to encourage your support of the "Higher Education Reporting Relief Act" being introduced by Representative Donald A. Manzullo (R–IL). The purpose of this legislation is to repeal the portion of the "Taxpayer Relief Act of 1997" requiring colleges and universities to submit information to the Internal Revenue Service (IRS). If passed, the amendment will make individuals claiming education tax credits responsible for providing requisite information.

As you may recall, the Lifetime Learning and Hope Scholarship tax credits represented an important part of the "Taxpayer Relief Act of 1997." However, as a result of this legislation, there are new reporting requirements for Bowling Green State University (BGSU) and all institutions of higher education in Ohio and across the country.

These requirements place schools in an unfamiliar intermediary position between students, tax filers and the IRS and require the collection of information that schools would not otherwise gather. In addition, the new reporting requirements will cause BGSU to expend thousands of dollars in both start up and on-going costs to comply. This expenditure will place a significant burden on an already limited institutional budget and detract from BGSU's primary purpose—the education of citizens who seek to better themselves and our country.

Passage of the Manzullo amendment would move the tax credit reporting requirements from colleges and universities to those individuals claiming the tax benefits. This system of "self-reporting" requisite information is an approach which is successful for many other tax benefits. The change will facilitate enforcement by the IRS, eliminate the need for an unnecessary new and costly linkage between institutions and the IRS, and better serve families and students.

Once again, I urge your support of the "Higher Education Reporting Relief Act" which will alleviate a potentially significant financial and human resource burden on colleges and universities. Thank you for your interest and attention to this matter.

Sincerely,

SIDNEY A. RIBEAU,
President.

BELMONT TECHNICAL COLLEGE,
St. Clairsville, OH, March 18, 1998.

Senator MICHAEL DEWINE,
Russell Senate Building, Washington, DC.

DEAR SENATOR DEWINE: I recently received notice that you have introduced legislation to relieve the burden of potential costs imposed on colleges and universities by the Hope Scholarship provisions of the Taxpayer Relief Act of 1997. Thank you for your support of this very important issue. The failure to repeal this requirement will cause many colleges and universities, including Belmont Technical College, to cut important services in order to fund this additional mandate.

Thank you again for your efforts to keep higher education affordable for the residents

of Appalachian Ohio. If I can provide information to assist with this cause, please contact me.

Sincerely,

JOHN F. CLYMER,
Interim President.

CLEVELAND STATE UNIVERSITY,
Cleveland, OH, February 2, 1998.

Hon. MIKE DEWINE,
Senate Russell Office Building, Washington, DC.

DEAR SENATOR DEWINE: Last July as part of the Taxpayer Relief Act of 1997, Congress passed a tax credit known as the Hope Scholarship, for students in their first and second years of higher education. As it currently stands, Universities will be required under this law to provide new and additional information on students to the U.S. Treasury Department, placing us in the awkward position of middleman between our students and the IRS.

In addition to the bad will such a requirement would create between the University and our students, the law is a expensive unfunded mandate on higher education. As you know, unfunded mandates drive up tuition and take our attention from our primary goal of educating our students.

We ask that you support the Higher Education Reporting Relief Act of 1998, sponsored by Representative Manzullo of Illinois, which would repeal section 6050S of the Internal Revenue Code. Section 6050S is the section that would place us in the position of data provider to the IRS. The Higher Education Reporting Relief Act of 1998 will make tax returns, the normal case for other tax benefits.

We will greatly appreciate your support of this effort and hope you will keep us informed of the progress of the legislation in Congress. Thank you.

Sincerely,

THOMAS A. LYNCH,
Special Assistant to the President for Governmental Relations.

OHIO ASSOCIATION OF COMMUNITY COLLEGES,
Columbus, OH, March 11, 1998.

Hon. R. MICHAEL DEWINE,
U.S. Senate, Washington, DC.

DEAR SENATOR DEWINE: Thank you very much for introducing a bill to repeal the institutional reporting requirements for the Hope Scholarship and Lifelong Learning Tax Credits. As you know, the Higher Education Reporting Relief Act (HERRA) would repeal the requirements, included in the Taxpayer Relief Act Congress passed last year, that higher education institutions collect and report information on all eligible students to the Internal Revenue Service. The bill would allow taxpayers to claim the education tax credit on their income tax forms, similar to the way other tax deductions are now reported. If the IRS questions a taxpayer's return, then the IRS could audit the taxpayer, as it does now, and require the taxpayer to produce the relevant documentation (receipts or canceled tuition payment checks).

Putting the onus on the taxpayer, rather than the institution, to report on the tax credit would save colleges millions of dollars, simplify the process for students seeking to claim the credit, and enable colleges to expend more funds on programs rather than administrative costs.

Your support of the Higher Education Reporting Relief Act is greatly appreciated.

Sincerely,

TERRY M. THOMAS,
Executive Director.

CUYAHOGA COMMUNITY COLLEGE,
Cleveland, OH, March 5, 1998.

Hon. MICHAEL DEWINE,
Russell Senate Office Building,
Washington, DC.

DEAR SENATOR DEWINE: Thank you for the opportunity for two of the College's trustees, Trustee Chairperson Nadine Feighan and Trustee Stanley Miller, along with the College's Executive Vice President, Dr. Frank Reis, to meet with Mr. John Connelly of your legislative staff on February 24, 1998 to provide you with some insight into community college priorities within the second session of the 105th Congress. As you know, community colleges provide access to a broad spectrum of quality educational opportunities and life experiences. Consistent with this role, any proposed legislative language that promotes the concept of open access, which is the cornerstone of the community college mission, would be well received by Cuyahoga Community College and, for that matter, all community colleges throughout the nation.

Specifically, the priorities that were highlighted during our recent discussion included the following:

Pell Grants—The Pell Grant is the foundation of federal student financial aid programs, and is instrumental in providing access to colleges for needy students. At Cuyahoga Community College, nearly one-half of all aid ($9.5 million) provides access for more than 6,000 of our students. We believe that Pell Grants currently work well for community college students.

Currently, the Administration is proposing to limit Pell Grant eligibility to 150 percent of the length of a student's program. We view this as a flexible access issue particularly in light of many of our students being part-time requiring developmental and remedial preparation before engaging in degree level studies, and as such, we oppose the proposal to limit eligibility during consideration of the reauthorization of the Higher Education Act.

Cuyahoga Community College requests a Pell Grant maximum of greater than $3,100, the amount requested by the Administration. In response to the question raised by Mr. Connelly regarding how much more the Pell Grant should be raised we indicated that our preference would be to see a $3,200 maximum grant level be implemented.

Vocational Education/Tech Prep—Community colleges are requesting $120 million (a $17 million increase over FY98) for the Tech Prep program, which provides for collaboration between secondary and postsecondary institutions with low-income students in their vocational education programs. Currently, CCC is participating in the North Coast Tech Prep Consortium along with area joint vocational schools. Our Consortium success has earned it State performance-based funding of $915,011 for FY99 when it will serve over 940 students. That number is projected to double the number of students served within the next few years. Not only do we support the proposed increase but also would like to see the Tech Prep monies kept separate from other grant monies.

Tax Issues Regarding HOPE and Lifelong Learning Tax Credits—In general, community colleges are pleased with the Taxpayer Relief Act that contains a number of tax provisions that greatly expand student access to the nation's community colleges. Although Cuyahoga Community College, along with most of the nation's community colleges, support the HOPE and Lifelong Learning tax credits, there are concerns regarding the reporting requirements necessitated by the statute. Therefore we support H.R. 3127 that was introduced by Representative Dan Manzullo (R–IL) to repeal the reporting requirements associated with the credits while maintaining the financial support those tax credits would provide to students.

Senate Provision to extend eligibility for Perkins funds to proprietary schools—Currently, Perkins funds are restricted to non-profit educational institutions. H.R. 1983 maintains this restriction. However, S. 1186 would extend eligibility for Perkins funds to proprietary institutions. Nowhere in federal workforce education or higher education policy do for-profit institutions directly receive federal funds. In addition, expanding the universe of eligible institutions for limited federal vocation education dollars will drain funding for long-standing community college vocational education programs. Currently, Cuyahoga Community College uses its $180,000 in Perkins funds to serve approximately 175 disabled vocational students. Therefore the College, as well as the community colleges across the country, oppose the provision to extend eligibility for Perkins funds to for-profit proprietary institutions.

The four summary positions in this letter represent the priority areas to Cuyahoga Community College. If you should have any questions regarding any of these positions or for that matter, the listing of College federal grants requested provided to your office during our visit, please call either myself or Dr. Frank Reis, Executive Vice-President, Human Resources and Administration (216–987–4776). Again, thank you for your advocacy efforts in the U.S. Senate on behalf of Cuyahoga Community College as well as the 1,100 community colleges across the nation.

Sincerely,

JERRY SUE THORNTON,
President.

COLUMBUS STATE COMMUNITY COLLEGE,
Columbus, OH, March 6, 1998.

Hon. R. MICHAEL DEWINE,
Russell Senate Office Building,
Washington, DC.

DEAR SENATOR DEWINE: I want to thank you for taking time from your busy schedule to meet with Pieter Wykoff and me to discuss issues regarding the Reauthorization of the Higher Education Act and the 1999 budget appropriations and tax issue.

As we mentioned to you, the Pell grants are working well for our students. However, the new reporting of the Hope Scholarship tax credit is burdensome, and we do incur costs to comply with all the reporting requirements. We urge you to simplify this system as much as possible as it is being proposed by Rep. Manzullo from Illinois.

Please let me know if there is any information we can provide you or anything else that Columbus State can do to facilitate your work. We enjoyed our visit with you and look forward to seeing you again.

Sincerely,

M. VALERIANA MOELLER,
President.

NORTH CENTRAL TECHNICAL COLLEGE,
Mansfield, OH, January 30, 1998.

Senator MIKE DEWINE,
Russell Senate Building, Washington, DC.

DEAR SENATOR DEWINE: As you are aware, with the enactment of the Hope Scholarship and Lifetime Learning tax credits, institutions of higher education will be required to provide extensive and detailed data to the Internal Revenue Service on all currently enrolled students. While North Central Technical College is a supporter of these educational tax credits, the proposed reporting

requirements will place an overwhelming burden on its resources in order to maintain compliance with the regulations.

Currently, NCTC, like all colleges and universities, is faced with a myriad of mandated federal and state reporting requirements. The addition of the Hope Scholarship and Lifetime Learning tax credit program will only further stretch already over-extended student and financial information reporting systems. It would be terribly unfortunate if colleges and universities were forced to redirect resources, now aimed at providing direct services to students, in order to comply with these new regulations.

Given the seriousness of this situation, I am asking that you support the legislation "Higher Education Reporting Relief Act" to be introduced next week by Representative Donald A. Manzullo. This legislation will repeal Section 6050S of the Internal Revenue Code, thus alleviating institutions from the responsibility of being a data provider for individual students to the IRS.

Please be assured that, whatever the outcome of this legislation, North Central Technical College will continue to meet all the reporting requirements that are mandated, while providing the best possible educational experiences that its resources allow. However, since education is our purpose and mission, I hope that the College will be able to direct its resources to those that deserve them the most, our students.

Your consideration and support in this matter will be greatly appreciated by the entire College community.

Sincerely,

DR. RONALD E. ABRAMS,
President.

Mr. DEWINE. Mr. President, let me briefly state that the amendment offered by myself and Senator COLLINS fixes parts of the problem. It does not fix all of the problem. If we do not deal with the entire problem, this is something that every Member of the Senate is going to hear about. It is going to come back and you are going to hear about it from every college and university in your State. We need to fix the overall problem.

I appreciate Chairman ROTH's willingness to work with us on this.

I urge adoption of this amendment.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, if there are no further speakers on this, I would say that this amendment is acceptable to both sides, and I urge its adoption.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment.

The amendment (No. 2381) was agreed to.

Ms. COLLINS. Mr. President, I move to reconsider the vote.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2382

(Purpose: To provide a managers' amendment)

Mr. ROTH. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH] proposes an amendment numbered 2382.

Mr. ROTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 202, between lines 5 and 6, insert the following:

"(iv) COORDINATION WITH REPORT OF TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION.—To the extent that information required to be reported under clause (ii) is also required to be reported under paragraph (1) or (2) of subsection (d) by the Treasury Inspector General for Tax Administration, the National Taxpayer Advocate shall not contain such information in the report submitted under such clause.

On page 204, line 1, strike "directly".

On page 206, line 23, strike "(2)" and insert "(3)(A)".

On page 207, line 9, insert "by the Internal Revenue Service or the Inspector General" before "during".

On page 207, line 20, strike "(B)" and insert "(A)".

On page 207, lines 24 and 25, strike "not less than 1 percent" and insert "a statistically valid sample".

On page 252, line 25, insert "or taxpayer representative" after "taxpayer".

On page 253, line 1, insert ", taxpayer representative," after "taxpayer".

On page 253, line 5, insert "or taxpayer representative" after "taxpayer".

On page 253, line 6, insert ", taxpayer representative" after "taxpayer".

On page 253, line 12, insert ", taxpayer representative" after "taxpayer".

On page 254, lines 14 and 15, strike "and their immediate supervisors".

On page 254, lines 17 and 18, strike "individuals described in paragraph (1)" and insert "such employees".

On page 322, line 11, strike "subsection" and insert "section".

Mr. ROTH. Mr. President, this amendment consists of a number of technical changes and has been cleared with the minority. I urge its adoption.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 2382) was agreed to.

AMENDMENTS NOS. 2383, 2384, AND 2385, EN BLOC

Mr. ROTH. Mr. President, I send three amendments to the desk, one by Senator GRAHAM of Florida, one by Senator STEVENS of Alaska, and one by Senator BINGAMAN. I ask unanimous consent that they be considered en bloc.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The clerk will report the amendments.

The legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH] proposes amendments numbered 2383 through 2385, en bloc.

Mr. ROTH. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2383

(Purpose: To apply the interest netting provision to all Federal taxes and to open taxable periods occurring before the date of the enactment of this Act, and for other purposes)

Beginning on page 307, line 6, strike all through page 308, line 3, and insert:

SEC. 3301. ELIMINATION OF INTEREST RATE DIFFERENTIAL ON OVERLAPPING PERIODS OF INTEREST ON TAX OVERPAYMENTS AND UNDERPAYMENTS.

(a) IN GENERAL.—Section 6621 (relating to determination of rate of interest) is amended by adding at the end the following new subsection:

"(d) ELIMINATION OF INTEREST ON OVERLAPPING PERIODS OF TAX OVERPAYMENTS AND UNDERPAYMENTS.—To the extent that, for any period, interest is payable under subchapter A and allowable under subchapter B on equivalent underpayments and overpayments by the same taxpayer of tax imposed by this title, the net rate of interest under this section on such amounts shall be zero for such period.".

(b) CONFORMING AMENDMENT.—Subsection (f) of section 6601 (relating to satisfaction by credits) is amended by adding at the end the following new sentence: "The preceding sentence shall not apply to the extent that section 6621(d) applies.".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided under paragraph (2), the amendments made by this section shall apply to interest for periods beginning after the date of the enactment of this Act.

(2) SPECIAL RULE.—Subject to any applicable statute of limitation not having expired with regard to either a tax underpayment or a tax overpayment, the amendments made by this section shall apply to interest for periods beginning before the date of the enactment of this Act if the taxpayer—

(A) reasonably identifies and establishes periods of such tax overpayments and underpayments for which the zero rate applies, and

(B) not later than December 31, 1999, requests the Secretary of the Treasury to apply section 6621(d) of the Internal Revenue Code of 1986, as added by subsection (a), to such periods.

SEC. 3301A. PROPERTY SUBJECT TO A LIABILITY TREATED IN SAME MANNER AS ASSUMPTION OF LIABILITY.

(a) REPEAL OF PROPERTY SUBJECT TO A LIABILITY TEST.—

(1) SECTION 357.—Section 357(a) (relating to assumption of liability) is amended by striking ", or acquires from the taxpayer property subject to a liability" in paragraph (2).

(2) SECTION 358.—Section 358(d)(1) (relating to assumption of liability) is amended by striking "or acquired from the taxpayer property subject to a liability".

(3) SECTION 368.—

(A) Section 368(a)(1)(C) is amended by striking ", or the fact that property acquired is subject to a liability,".

(B) The last sentence of section 368(a)(2)(B) is amended by striking ", and the amount of any liability to which any property acquired from the acquiring corporation is subject,".

(b) CLARIFICATION OF ASSUMPTION OF LIABILITY.—Section 357(c) is amended by adding at the end the following new paragraph:

"(4) DETERMINATION OF AMOUNT OF LIABILITY ASSUMED.—For purposes of this section, section 358(d), section 368(a)(1)(C), and section 368(a)(2)(B)—

"(A) a liability shall be treated as having been assumed to the extent, as determined on the basis of facts and circumstances, the transferor is relieved of such liability or any portion thereof (including through an indemnity agreement or other similar arrangement), and

"(B) in the case of the transfer of any property subject to a nonrecourse liability, unless the facts and circumstances indicate otherwise, the transferee shall be treated as assuming with respect to such property a ratable portion of such liability determined on the basis of the relative fair market values (determined without regard to section 7701(g)) of all assets subject to such liability."

(c) APPLICATION TO PROVISIONS OTHER THAN SUBCHAPTER C.—

(1) SECTION 584.—Section 584(h)(3) is amended—

(A) by striking ", and the fact that any property transferred by the common trust fund is subject to a liability," in subparagraph (A),

(B) by striking clause (ii) of subparagraph (B) and inserting:

"(ii) ASSUMED LIABILITIES.—For purposes of clause (i), the term 'assumed liabilities' means any liability of the common trust fund assumed by any regulated investment company in connection with the transfer referred to in paragraph (1)(A).

"(C) ASSUMPTION.—For purposes of this paragraph, in determining the amount of any liability assumed, the rules of section 357(c)(4) shall apply."

(2) SECTION 1031.—The last sentence of section 1031(d) is amended—

(A) by striking "assumed a liability of the taxpayer or acquired from the taxpayer property subject to a liability" and inserting "assumed (as determined under section 357(c)(4)) a liability of the taxpayer", and

(B) by striking "or acquisition (in the amount of the liability)".

(d) CONFORMING AMENDMENTS.—

(1) Section 351(h)(1) is amended by striking ", or acquires property subject to a liability,".

(2) Section 357 is amended by striking "or acquisition" each place it appears in subsection (a) or (b).

(3) Section 357(b)(1) is amended by striking "or acquired".

(4) Section 357(c)(1) is amended by striking ", plus the amount of the liabilities to which the property is subject,".

(5) Section 357(c)(3) is amended by striking "or to which the property transferred is subject".

(6) Section 358(d)(1) is amended by striking "or acquisition (in the amount of the liability)".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers after the date of the enactment of this Act.

AMENDMENT NO. 2384

On page 355, insert after line 19 the following:

(d) STATE FISH AND WILDLIFE PERMITS.—(1) With respect to permits issued by a State and required under State law for the harvest of fish or wildlife in the trade or business of an individual taxpayer, "other assets" as used in section 3445 shall include future income that may be derived by such taxpayer from the commercial sale of fish or wildlife under such permit.

(2) The preceding paragraph may not be construed to invalidate or in any way prejudice any assertion that the privilege embodied in such permits is not property or a right to property under the Internal Revenue Code.

Mr. STEVENS. Mr. President, I have a reasonable amendment to this bill relating to a very unique "tool of the trade" in the fishing industry of Alaska. the bill already would increase the cap for the value of tools of the trade exempted from IRS levy to $5,000, up from $1,250.

My amendment addresses a class of tools—State-issued permits that give their holder the privilege to commercially harvest fish or game in our State.

The State of Alaska has never conceded that these permits are property that may be seized by IRS. Yet, the IRS seizes them, without giving any consideration to the unique circumstances in Alaska, particularly western Alaska.

In those villages, commercial fishing is the only industry. If you don't have a fishing job, you do not have a job.

When a fisherman in that area fails to pay taxes on time, the IRS never gives any consideration to the fact that without the fishing permit, the taxpayer would have no way to pay back taxes.

In addition, he or she will then have no way to support their children, their family, pay child support, or buy heating oil for their house, or face other problems.

We do have a problem in western Alaska—the IRS estimates that commercial fishermen owe over $20 million in back taxes. That is not much, nationally. But as one IRS agent visiting rural Alaska pointed out, they have in some cases been trying to collect taxes from people who did not even know the IRS existed.

There are positive changes, in the bill with respect to IRS collection procedures, but the language and cultural barriers, and isolation of vast areas of Alaska still lead to results that people in the rest of the country find hard to believe.

Instead of exempting State permits entirely from IRS levies, I have accepted a compromise. Under section 3445 of the bill, the IRS will be required, before seizing the assets of a small business, to first determine that the business owner's "other assets" are not sufficient to pay the back taxes and expenses of IRS proceedings.

My compromise would require the IRS to consider future income from State-issued fish and game permits as "other income" in its determination before making a levy on such permits. This means the IRS must consider whether the future income from the permit would allow the fishermen to pay the tax debt and procedural expenses before the maximum time possible for repayment under law has occurred.

In treating these permits as an asset used in a trade or business, Congress does not intend to determine whether such permits are property or a right to property. We only mean to say that as long as the IRS asserts that the permits are property or a right to property, the holder should have the added protection of having future income considered.

AMENDMENT NO. 2385

(Purpose: Relating to the report ont ax complexity and low-income taxpayer clincs)

On page 375, line 11, strike the period and insert ", including volunteer income tax assistance programs, and to provide funds for training and technical assistance to support such clinics and programs."

On page 375, line 22, strike "or".

On page 376, line 2, strike the period and insert

", or".

On page 376, between lines 2 and 3, insert:

"(III) provides tax preparation assistance and tax counseling assistance to low income taxpayers, such as volunteer income tax assistance programs."

On page 376, line 20, strike "and".

On page 376, line 25, strike the period and insert "and".

On page 376, after line 25, insert:

"(C) a volunteer income tax assistance program which is described in section 501(c) and exempt from tax under section 501(a) and which provides tax preparation assistance and tax counseling assistance to low income taxpayers."

On page 377, line 9, strike "$3,000,000" and insert "$6,000,000".

On page 377, line 11, after the end period, insert "Not more than 7.5 percent of the amount available shall be allocated to training and technical assistance programs."

On page 377, line 15, insert ", except that larger grants may be made for training and technical assistance programs" after "$100,000".

On page 378, line 16, insert "(other than a clinic described in paragraph (2)(C))" after "clinic".

On page 396, strike lines 18 through 20, and insert "Finance of the Senate. The report shall include any recommendations—

(A) for reducing the complexity of the administration of Federal tax laws, and

(B) for repeal or modification of any provision the Commissioner believes adds undue and unnecessary complexity to the administrator of the Federal tax laws.

Mr. ROTH. Mr. President, these amendments have been cleared on both sides of the aisle. I urge their adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendments.

The amendments (Nos. 2383, 2384, and 2385) were agreed to en bloc.

Mr. MCCAIN. Mr. President, I move to reconsider the vote.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROTH. There are no further amendments.

Mr. President, there are no further amendments.

AMENDMENT NO. 2353—MOTION TO WAIVE THE BUDGET ACT

The PRESIDING OFFICER. Under the previous order, the question is on agreeing to the motion to waive the Budget Act made by the Senator from Georgia. The yeas and nays have been ordered. The clerk will call the roll.

Mr. ROTH. Mr. President, I ask unanimous consent that we shorten the vote to 10 minutes on the second amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from South Carolina (Mr. THURMOND) is necessarily absent.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND) would vote yea.

Mr. FORD. I announce that the Senator from Ohio (Mr. GLENN), is necessarily absent. I announce that the Senator from Hawaii (Mr. AKAKA) is absent because of a death in the family.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The yeas and nays resulted—yeas 37, nays 60, as follows:

[Rollcall Vote No. 125 Leg.]

YEAS—37

Abraham	Enzi	Lott
Ashcroft	Faircloth	Lugar
Bennett	Frist	Mack
Bond	Grams	McCain
Brownback	Gregg	McConnell
Burns	Hagel	Santorum
Campbell	Hatch	Smith (NH)
Coats	Helms	Smith (OR)
Cochran	Hutchinson	Thomas
Coverdell	Hutchison	Thompson
Craig	Inhofe	Warner
D'Amato	Kempthorne	
DeWine	Kyl	

NAYS—60

Allard	Ford	Moseley-Braun
Baucus	Gorton	Moynihan
Biden	Graham	Murkowski
Bingaman	Gramm	Murray
Boxer	Grassley	Nickles
Breaux	Harkin	Reed
Bryan	Hollings	Reid
Bumpers	Inouye	Robb
Byrd	Jeffords	Roberts
Chafee	Johnson	Rockefeller
Cleland	Kennedy	Roth
Collins	Kerrey	Sarbanes
Conrad	Kerry	Sessions
Daschle	Kohl	Shelby
Dodd	Landrieu	Snowe
Domenici	Lautenberg	Specter
Dorgan	Leahy	Stevens
Durbin	Levin	Torricelli
Feingold	Lieberman	Wellstone
Feinstein	Mikulski	Wyden

NOT VOTING—3

Akaka	Glenn	Thurmond

The PRESIDING OFFICER. On this vote, the yeas are 37, the nays are 60. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained, and the amendment falls.

The amendment of the Senator from Georgia would result in a loss of $9 billion——

Mr. BYRD. Mr. President, we cannot hear what is being said. The Senate is not in order.

The PRESIDING OFFICER. The Senate will be in order.

The amendment of the Senator from Georgia would result in a loss of $9 billion in revenues during the fiscal years covered by the Concurrent Resolution on the Budget without any offset. Therefore, it violates the pay-as-you-go provisions contained in section 202 of H. Con. Res. 67 of the 104th Congress.

(Subsequently the following occurred.)

CHANGE OF VOTE

Mr. GRAMS. Mr. President, on rollcall vote 125, I was recorded as voting "no." I voted "aye." I ask unanimous consent the official RECORD be directed to accurately reflect my vote. This will in no way change the outcome of the vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The foregoing tally has been changed to reflect the above order.)

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the committee amendment, as amended, and third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read a third time.

Mr. GRAMM. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill, as amended, pass? The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from South Carolina (Mr. THURMOND), is necessarily absent.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND), would vote yea.

Mr. FORD. I announce that the Senator from Ohio (Mr. GLENN), is necessarily absent.

I also announce that the Senator from Hawaii (Mr. AKAKA), is absent because of a death in family.

The result was announced—yeas 97, nays 0, as follows:

[Rollcall Vote No. 126 Leg.]

YEAS—97

Abraham	Boxer	Chafee
Allard	Breaux	Cleland
Ashcroft	Brownback	Coats
Baucus	Bryan	Cochran
Bennett	Bumpers	Collins
Biden	Burns	Conrad
Bingaman	Byrd	Coverdell
Bond	Campbell	Craig
D'Amato	Hutchison	Murray
Daschle	Inhofe	Nickles
DeWine	Inouye	Reed
Dodd	Jeffords	Reid
Domenici	Johnson	Robb
Dorgan	Kempthorne	Roberts
Durbin	Kennedy	Rockefeller
Enzi	Kerrey	Roth
Faircloth	Kerry	Santorum
Feingold	Kohl	Sarbanes
Feinstein	Kyl	Sessions
Ford	Landrieu	Shelby
Frist	Lautenberg	Smith (NH)
Gorton	Leahy	Smith (OR)
Graham	Levin	Snowe
Gramm	Lieberman	Specter
Grams	Lott	Stevens
Grassley	Lugar	Thomas
Gregg	Mack	Thompson
Hagel	McCain	Torricelli
Harkin	McConnell	Warner
Hatch	Mikulski	Wellstone
Helms	Moseley-Braun	Wyden
Hollings	Moynihan	
Hutchinson	Murkowski	

NOT VOTING—3

Akaka	Glenn	Thurmond

The bill (H.R. 2676), as amended, was passed, as follows:

The text of H.R. 2676, as amended, will be printed in a future edition of the RECORD.

Mr. ROTH. Mr. President, I move to reconsider the vote.

Mr. KERREY. I move to lay it on the table.

The motion to lay on the table was agreed to.

Mr. ROTH. Mr. President, as we bring these deliberations on IRS restructuring to a close, I want to express my appreciation to everyone who has strongly supported this necessary legislation. I am particularly proud of the fact that it was unanimously supported on the floor of the Senate this evening. I again want to reiterate my belief that the Internal Revenue Service—with its 102,000 employees—is filled with hard-working, service-oriented, honorable men and women.

The problem, Mr. President, is that the agency, itself, has too much power and not enough sunshine.

It is marked by an environment where even a few overly aggressive, vindictive, arrogant, or power-hungry individuals can get away with trampling the rights of honest Americans. It is an environment where honesty can be met by retaliation, where employees are frightened to come forward to report and correct abuses, and where the taxpayer is often perceived as the enemy and not the customer.

The legislation we have passed today will go a long way towards correcting these problems. Will it do everything we would like it to do? No. There needs to be a cultural shift inside the agency itself.

This legislation will provide a catalyst for that shift. Is this bill a good start toward long-term reform? Absolutely.

This legislation will allow Commissioner Rossotti to implement the necessary reforms and restructuring that need to be done to bring the agency into the 21st century. It is a strong bill,

building on what the House passed last November. It is what the American people need to strengthen fundamental protections. However, Congress must not see this as the be-all-and-end-all of offering taxpayers the protection and service they need when it comes to the IRS.

We need to continue our oversight efforts. We need to make sure that the provisions we have included in our legislation are taken seriously by the agency and embraced in the manner in which they are intended.

Mr. President, this thorough and comprehensive piece of legislation is the product of a collective effort. It represents the best work and thinking from both sides of the aisle.

I express my sincere appreciation to my colleagues, particularly Senator MOYNIHAN, as well as Senators CHARLES GRASSLEY and BOB KERREY, both of whom worked on the National Restructuring Commission with Congressman ROB PORTMAN. I'm grateful to Chairman ARCHER and those on the Ways and Means Committee who provided a solid foundation upon which we built this legislation, and to my colleagues on the Finance Committee who diligently sat through our extensive oversight and restructuring hearings and voted this legislation out of committee unanimously.

I am also grateful to those who have spoken so eloquently as proponents of this legislation here on the floor.

I also appreciate the hard work our staffs have put in. I'm grateful to our investigators—Eric Thorson, Debbie McMahon, Kathryn Quinn, Anita Horn, and Maureen Barry. I'm grateful to Frank Polk, Joan Woodward, and Mark Patterson, to Tom Roesser, Mark Prater, Sam Olchyk, Brig Pari, Bill Sweetnam, Jeff Kupfer, Nick Giordano, and Ann Urban. I also want to thank Jane Butterfield, Mark Blair, and Darcell Savage.

I believe the future will remember the work we have done here. The history of the Internal Revenue Service is marked by aggressive tax collecting tactics and consequent Congressional efforts to reform the agency. Those reforms, however, often did not go far enough, and they were not accompanied by a dedication to sincere oversight. These reforms, Mr. President, do go far.

They are the most extensive reforms ever made to balance power and responsibility inside what can only be characterized as one of America's most powerful agencies. And, as we have heard over the past few days here on the floor, this Congress is dedicated to continued oversight.

In closing, I am pleased to work with Senator KERREY, the floor manager for the Democrats. I think it has been a great collective effort.

Mr. KERREY. "The barriers are crumbling; the system is working."

Mr. President, those are the words of David Broder. He wrote them in a Washington Post op-ed on October 21, 1997 as he commented on the progress being made on IRS reform.

Mr. Broder was commenting at the time that in an increasingly partisan climate on Capitol Hill, the work of Representatives PORTMAN, CARDIN, Senator GRASSLEY, and I and how this legislation is moving along was a classic example of how our democratic system can work and that by "beating the odds" we were on the verge of giving the Internal Revenue Service "the shake-up it clearly needs."

Mr. President, good news comes to the American taxpayers today. The Senate is about to pass historic IRS reform legislation that will touch the lives of hundreds of millions of Americans.

This is a long, detailed bill, Mr. President, but I can summarize its intent in a simple well known phrase: of, by and for the people. That is the kind of government we have—of, by and for the people. The premise of our effort from the beginning was that the IRS works for the taxpayer, not the other way around. The impact, I hope, will be equally simple. When you call the IRS, you should get a helpful voice, not a busy signal. That helpful voice should have the resources to help you answer the simple question: "How much do I owe?" If one of the rare bad apples in the IRS abuses a taxpayer, the Commissioner should be able to fire him. The vast majority of IRS employees who are capable and committed public servants should be empowered to do their jobs—helping the equally vast majority of American taxpayers who want to comply with the law to do so.

This bipartisan, bicameral effort dates back to 1995, when Senator SHELBY and I, in our roles on the Appropriations Committee, wrote language into the law creating the National Commission on Restructuring the IRS.

It continued with Representative ROB PORTMAN and Senator GRASSLEY and I with our work on the commission after we issued our report in June 1997, and moved forward again when we introduced legislation in the House, with Representative BEN CARDIN, and in the Senate by July 1997.

It progressed to Chairman ROTH and Senator MOYNIHAN when the Finance Committee began our hearings in September 1997, as well as with House Ways and Means Chairman ARCHER in the House. And along the way we received the critical support of Speaker GINGRICH, Secretary Rubin, the President and Commissioner Rossotti.

I am proud to have been a part of this effort. We are a nation of laws, Mr. President. As legislators we are given the charge by the American people to write effective laws, as well as change those that are not. While this debate has sometimes been contentious, in the end the finished product—the law that we will have written—will be an effective one because in the end Congress's efforts have been about doing what is right and what is best.

In the beginning, many members of Congress and our commission were shocked to hear that before these efforts, there had been no real reform to the IRS in 50 years and no oversight hearings by the Senate Finance Committee ever.

That was Congress's fault.

During our deliberations in the Senate this week, we have been mindful of the fact that Congress has had a critical role in allowing the IRS to become the mess we now have decided to clean up.

We have acknowledged that the IRS is not Sears & Roebuck—and that we are its Board of Directors. We write the tax laws, we are responsible for the oversight and we are the ones who can make the necessary changes.

I am not an IRS apologist. I would not have embarked on this mission nearly four years ago if I thought all was well with the agency. And while I always knew the IRS was acting in a damaging fashion toward American taxpayers and in need of reform, my learning over the years solidified the notion that the need for reform was dire.

As we move toward enacting this legislation into law, we should be proud of the fact that we are changing the culture at the IRS so that the agency will serve taxpayers and not treat them as if it is the other way around, that we are giving Commissioner Rossotti the statutory authority he needs to do his job effectively, that we are creating legislation that will make it easier for all Americans to file their taxes and get information, that we are going to make sure the IRS has the ability to do the job Congress has told them to, and that we are changing the way tax laws are written so that never again will a provision pass without a cost analysis of compliance and administration.

Mr. President, more Americans pay taxes than vote. The perception of how our government treats us—its citizens—is rooted more in our contact with the IRS than with any other U.S. agency or entity.

How we are treated by the IRS—and our tax laws—effects our perception of whether or not we believe we have a fair shot at the American Dream and whether or not we are a government of, by and for the people.

We have taken great strides today to change that perception.

I thank my colleagues for their efforts on this important and historic piece of legislation and I am very hopeful we will have a swift and effective conference with the House so that the President can sign this bill into law before June 1.

Mr. President, I add my thanks to the Democratic staff and the Republican staff, all of whom were listed by

the distinguished chairman of the Finance Committee, Senator ROTH. It has been a pleasure working with Senator ROTH. I want to also thank Congressman ROB PORTMAN. I especially thank the ranking Democrat on the Finance Committee, Senator MOYNIHAN, for giving me the opportunity to manage this bill.

STAFF OF THE NATIONAL COMMISSION ON RESTRUCTURING THE INTERNAL REVENUE SERVICE

Mr. President, I would like to take a moment to thank the staff of the National Commission on Restructuring the Internal Revenue Service for their devotion to the cause of reforming the IRS. We would not have the strong reform legislation before us today without the hard work and patience of these individuals. They staffed 12 public hearings, 3 town-hall meetings, hundreds of hours of closed-door sessions with Restructuring commissioners, and interviewed many hundreds of present and former IRS officials, practitioner groups, and average taxpayers. They drafted and redrafted many times the Commission report, "A Vision for a New IRS."

But, most importantly, they worked with the many staff members and Members of Congress to help facilitate the bipartisan bill that we are about to vote on today. The U.S. Senate owes them a debt of gratitude for their year long effort. They are: Jeffery Trinca, Chief of Staff; Anita Horn, Deputy Chief of Staff; Douglas Shulman, Senior Policy Advisor and Chief of Staff from June to September of 1997; Charles Lacijan, Senior Policy Advisor; Dean Zerbe, Senior Policy Advisor; Armando Gomez, Chief Counsel; George Guttman, Counsel; Lisa McHenry, Director of Communications and Research; James Dennis, Counsel; John Jungers, Research Assistant; Andrew Siracuse, Research Assistant; Damien McAndrews, Research Assistant; Margie Knowles, Office Manager; and Janise Haman, Secretary.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

MORNING BUSINESS

Mr. SPECTER. Mr. President, on behalf of the majority leader I ask unanimous consent that there now be a period for the transaction of routine morning business until 7:30 p.m., with Senators permitted to speak therein for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPECTER. Mr. President, I would like to start that morning business, but I will first yield to Senator WARNER, without losing my right to the floor.

The PRESIDING OFFICER. The Senator from Virginia is recognized.

(The remarks of Mr. WARNER pertaining to the introduction of S. 2051 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. LAUTENBERG. Mr. President, parliamentary inquiry. The Senator from Pennsylvania has the floor and didn't relinquish it. But I understood in the earlier request the Senator from Pennsylvania made that people would be permitted to speak for 10 minutes in morning business. The yielding of time to other Senators, I would assume, has to come off of that 10 minutes, if we are to follow the unanimous consent agreement as laid out.

The PRESIDING OFFICER (Mr. SESSIONS). I believe the Senator from Pennsylvania, by unanimous consent, requested that the other Senators be recognized and there having been no objection at the time, it is not to be counted against his time.

The Senator from Pennsylvania is recognized.

THE FLAT TAX

Mr. SPECTER. Mr. President, if I might comment to my colleague from New Jersey, I don't intend to be very long. Perhaps it will all be incorporated.

If I may have the attention of our distinguished majority leader for a moment, I compliment the managers of the bill that just passed, and the few brief remarks I would like to make on the tax issue relate to a bill that I have introduced on the flat tax.

At the request of the distinguished majority leader, I did not press it a few weeks ago on the Coverdell bill, nor did I press it on the legislation that has just been enacted. But I have a very strong view, having pressed for this legislation since March of 1995, the so-called postage card flat tax, devised by two very distinguished professors from Stanford, Hall and Rabushka, that really this is the way we ought to go on legislation on taxation.

When I discussed this matter with our majority leader, he said to me that there would be legislation coming down the pike soon where there would be an opportunity for the flat tax to be considered. We informally agreed that we would have a brief colloquy on that. I yield to Senator LOTT, again without losing my right to the floor, for the balance of 10 minutes.

Mr. LOTT. Mr. President, let me say to the distinguished Senator from Pennsylvania that we have discussed this on two or three occasions, and he is absolutely correct; he has been cooperative and has not insisted on offering this important amendment on a couple of bills where he could have done that, because at the time it would have caused problems with those bills and made it more difficult for us to finish them in a timely way. This is the Senate and I think the Senator is entitled to be able to offer his amendment soon. Frankly, it is an amendment that I find very attractive, personally. So I would like to be able to be on record having voted for it. So I will work with the Senator to find a vehicle and a time that he is comfortable with later on this month, or in June, where this amendment can be offered and we can have a reasonable discussion and a vote.

Mr. SPECTER. I thank the majority leader for those comments.

SENATOR SANTORUM'S 40TH BIRTHDAY

Mr. SPECTER. This Sunday, May 10, 1998, the U.S. Senate will lose its last 30-something Member—that is someone who is in the thirties—because our colleague, Senator RICK SANTORUM will turn 40.

Already, in a few short years, Senator SANTORUM has distinguished himself by building a solid record of legislative achievement in both the House of Representatives and in the U.S. Senate.

As Senator SANTORUM passes this personal milestone, I would like to make a comment or two about him. He was born on May 10, 1958, in Winchester, VA, the son of an Italian immigrant. In 1965, the family moved to Butler, PA.

He had a distinguished career at Penn State, worked for Senator John Heinz, then moved on to the University of Pittsburgh where he earned his M.B.A., and then to the Dickinson School of Law where he earned a J.D.

He served six years as a top aide in the Pennsylvania State Senate, and then worked four years as an associate at the Pittsburgh law firm of Kirkpatrick and Lockhart.

In 1990, Senator SANTORUM took on a campaign for the Congress and defeated a seventh-term incumbent at the age of 32. Then in the House his legislation was very noteworthy on fiscal responsibility, health care, creative medical savings accounts, which was incorporated as a pilot project in the Health Insurance Portability and Accountability Act of 1996. He has distinguished himself in the U.S. Senate with important legislation on welfare reform, managing debate on legislation based largely on a bill which he had introduced in the House of Representatives.

I have worked very closely with Senator SANTORUM on a personal basis. The Pittsburgh Post-Gazette wrote that when Senator SANTORUM won election in November of 1994 he "cautiously" invited me to accompany him on a victory swing the next day in Scranton and Philadelphia.

The Pittsburgh Post-Gazette reported accurately, "If you want me to go, Rick, I'll be there." And then the Post-Gazette noted, "It was just another display of what has become one of the more unusual U.S. Senate alliances and odd pairing of politicians

from opposite poles in the Republican Party . . .''

Senator SANTORUM and I have more in common than one might imagine.

We are both children of immigrants. We both appreciated the value of education, and have been able to participate in the American dream because of our education. We agree on many, many items. We both support welfare reform, the balanced budget, the line-item veto, and the death penalty. On the issue of pro-choice and pro-life, Senator SANTORUM and I try to find ways to bring people together.

It is a pleasure for me to salute Senator SANTORUM on one of the last remaining days of his 39 years. He will not be able to say, like Jack Benny, very much longer that he is 39.

One of the items, in closing, that I would like to note is that the sky is the limit for Senator SANTORUM, and if he decides to stay in the U.S. Senate, he could be elected in the year 2000, the year 2006, the year 2012, the year 2018, the year 2024, the year 2030, the year 2036, the year 2042, and the year 2048 and at that point would be just as old as our distinguished President pro tempore, Senator STROM THURMOND, is today.

I thank the Chair and yield the floor.

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER. Senator from Washington.

Mrs. MURRAY. Thank you, Mr. President.

MICROSOFT AND THE DEPARTMENT OF JUSTICE

Mrs. MURRAY. Mr. President, I am compelled to address the Senate this evening because one of our country's most dynamic, innovative, and successful companies, Microsoft, has been the subject of an unfair and prejudicial target by anonymous sources in the Department of Justice.

I am concerned that every time I pick up a newspaper I am informed of new information about the ongoing, supposedly confidential proceedings involving Microsoft and the Department of Justice. I ask only for fairness and that whatever verdict is derived, is argued through proper judicial channels and not played out through our nation's media.

Some of you in this Chamber may say that Microsoft can speak for itself, that is has a voice loud enough to be heard. To that, I answer that no single voice is ever enough to speak over the Department of Justice and those anonymous few employees who are seemingly abusing its formidable power. When the integrity of such a profound legal proceeding is in jeopardy, however, no one should remain silent.

In the Antitrust Division's extended, intense scrutiny of Microsoft, the company has faithfully worked to comply with each of the Division's request. Microsoft has fully cooperated with the seemingly endless requests for documents and depositions of top executives. Microsoft has operated under the assumption that if it works with the Justice Department in a fair manner and complies with its requests, then the Justice Department will proceed with its investigation fairly. But, I question whether the Justice Department is indeed playing fair.

Over the past several months, the Antitrust Division appears to have repeatedly and continually disclosed to the media information uncovered during its investigation, and floated anonymous opinions regarding the likelihood of a new government antitrust case against the company.

To me, putting America's technological leader on trial in the press—before the prosecutor even decides if a trial in our court system should proceed—is wholly unfair.

The Justice Department's own ethics manual says that, I quote: ''It is the policy of the DOJ and the Antitrust Division that public out-of-court statements regarding investigations, indictment, ongoing litigation, and other activities should be minimal, consistent with the Department's responsibility to keep the public informed. Because charges that result in an indictment or a civil action should be argued and proved in court, and not in a newspaper or broadcast, public comment on such charges should be limited out of fairness to the rights of individuals and corporations and to minimize the possibility of prejudicial pre-trial publicity.''

Based on their comments to the media, however, attorneys at the Justice Department apparently disagree with their own ethics manual. For example in a February 9, 1998 New York Times article entitled ''Microsoft Case May Be Prelude to Wider Antitrust Battle'' a ''senior Justice Department official'' who ''spoke on condition that he not be identified'' said, ''licensing arrangements and the pricing of deals that Microsoft strikes . . . for placement on the front screen of its Windows operating system or its Internet Explorer browser'' are an ''area of antitrust concern'' for the Antitrust Division.

The Wall Street Journal has apparently been given similar exclusive insight into a possible case. On April 6, 1998, the Wall Street Journal published an article entitled ''U.S. Closes in on Microsoft; Officials Think Evidence Supports a Broad Charge on Extending Monopoly.'' In it, the author quotes ''people close to the probe'' who stated that ''investigators believe they have enough evidence to bring a new antitrust case against Microsoft.'' Those sources are so familiar with the investigation that they told the reporter that an antitrust complaint would ''repeat an existing charge that Microsoft violated a 1995 antitrust settlement . . . extending to Windows 98 last fall's charge that Microsoft uses Windows as a weapon against business rivals.''

I regret to say this, and sincerely hope I turn out to be wrong, but I expect that the Justice Department will deny that one of its own lawyers is the source ''close to the probe.'' I say ''expect'' because Attorney General Reno does not appear to be looking into this matter, nor has she informed me that the matter has been resolved. In fact, the Practicing Law Institute has advertised that a senior Justice Department counsel would speak about ''[the Antitrust Division position . . . on the ongoing Microsoft matter'' at an upcoming Intellectual Property Antitrust conference currently scheduled for July 22–23, 1998.

Mr. President, how does this public speaking engagement by a DOJ attorney square with the Department of Justice's own ethics manual, which states, and I quote again, ''public out-of-court statements regarding investigations, indictments, ongoing litigation, and other activities should be minimal?'' How does it square with the ethics policy that says, ''public comment on . . . charges should be limited out of fairness to the rights of individuals and corporations and to minimize the possibility of prejudicial pre-trial publicity.'' I sincerely hope that DOJ staff has been advised against this by Attorney General Reno, but I cannot be sure.

Just yesterday, I learned that on May 8th, Business Week plans to publish on its website an article with the quote, ''sources familiar with the Justice Department case have laid out a detailed plan of attack against [Microsoft].'' Who would be able to lay out such a detailed plan about the Department's expected action in the case other than the DOJ itself?

It is of utmost importance that the Justice Department end this media trial of Microsoft, and restore a thorough and fair process. Today, I have again asked the Attorney General to explain her failure to resolve this matter.

Microsoft's innovations benefit thousands of companies, employees, shareholders and millions of consumers. With so much innovation and economic growth, and with so many jobs lying in the balance, the least the Department of Justice can do if it proceeds with its investigation is to do so in a fair, professional and ethical manner.

Mr. President, I yield the floor.

IRS REFORM

Mr. LAUTENBERG. Mr. President, first just a brief commentary, if I might, to say that Senator ROTH and Senator KERREY did the country a wonderful service by the reform measure that was put through to try to assure

the public that Congress listens, the Government listens, that people should be treated fairly at all times; that there is no excuse for rudeness and inappropriate pressure on those people who pay their taxes. They are the constituents and we are here to serve them. I commend both Senators, the managers on both sides, Senators ROTH and KERREY, for a job well done.

UNITED STATES-ISRAEL RELATIONS

Mr. LAUTENBERG. Mr. President, I rise to discuss a matter that is triggered by something I read in the newspaper this morning. I saw it in the Washington Post and I saw it in the New York Times, a statement that House Speaker GINGRICH made when he held a press conference in which he criticized the Clinton administration's handling of the peace process.

Now, he, like any one of us in the Congress, has a right to disagree with the administration on policy, but I think it is dangerous, destructive, certainly demagogic, to say that "America's strong-arm tactics would send a clear signal to the supporters of terrorism that their murderous actions are an effective tool in forcing concessions from Israel."

That is an outrageous statement to make because it accuses President Clinton. Further in his statement, and I quote him here:

> Now it's become the Clinton administration and Arafat against Israel, Gingrich said at a Capitol news conference. He also released a letter he sent to President Clinton saying that "Israel must be able to decide her own security needs and set her own conditions for negotiations without facing coercion from the United States." As Israel celebrates its 50th anniversary, Speaker Gingrich said the Clinton administration says, "Happy birthday. Let us blackmail you on behalf of Arafat."

In his letter he gave the quote that I just read about America's strong-arm tactics, sending "a clear message that terrorism was an acceptable tool in forcing concessions from Israel."

Mr. President, I know Israel very well. I had the good fortune over a 3-year period to serve as chairman of the United Jewish Appeal. That is the fundraising arm that helps local institutions within the Jewish community, as well as Israel. This was over 20 years ago when Israel was getting on its feet. I know lots of people there. I know many people who have lost a son, lost a daughter. I know many people who visit in the hospitals regularly where their children or their friends or their loved ones are in a condition that keeps them hospitalized because of wounds they received during the wars.

I was able to visit Israel within a couple of days after the 1973 war was concluded while they were still searching for bodies on both sides, Egypt and Israel, in the Sinai desert, and I talked to people who regret so much that they are forced at times to inflict pain on their neighbors to protect themselves.

The Israelis have lost some 20,000 soldiers in wars since that country was founded—50 years. That is a short period of time. In the whole of the 20th century, the United States will have lost less than 400,000 soldiers in combat. I was in Europe during the war. I served in the Army in World War II. Mr. President, 20,000 Israelis is the equivalent of 1 million soldiers, 1 million fighters lost in the United States on a comparative basis—1 million. Could you imagine the heartbreak in this country that would exist if we lost a million soldiers in a period of 50 years? It would tear us apart.

Mr. President, I make this point. I served here under President Reagan, I served here under President Bush, and I knew President Carter very well because I had tried to help them at times when I was running a company in the computer business. They have been good friends to Israel because Israel and the United States have many common interests—the strength of a democracy, the ability to withstand adversity and come up providing freedom at all times for their citizens. But there has never been a better friend in the White House among the four Presidents I just mentioned than President Clinton. President Clinton has approached Israel from the mind as well as the heart. He understands what the relationship of Israel to the civilized world, to the democratic world, means. And he insists that they be permitted to negotiate on their own.

But as the President and the administration and the State Department tried to permit the Israelis and the Palestinians to negotiate their own terms, we were called back; we were called in to act as a go-between. I don't even want to use the term "as a negotiator" because it is up to the parties to negotiate. But we have been called on to try to facilitate the negotiations. And that has been the mission.

And so, Mr. President, I think it is outrageous that President Clinton, that this administration be declared as someone alongside terrorists, encouraging Arafat, encouraging those who would destroy Israelis. It is an outrage, it is demagoguery at its worst, and I don't think that kind of debate ought to be used, whether it is to gain votes or whatever else one can gain from those kinds of statements. It doesn't further the cause of peace, and it doesn't help our friendship with any of the countries in the area. It is the wrong way to go.

Mr. President, I believe—and I know that people in Israel believe—they have to have peace because it is unlike some other parts of the world where the absence of peace doesn't necessarily mean violence or war. There are tense relations in many parts of the world with one country alongside the other where there is no killing between them. It doesn't mean that there is affection. It doesn't mean that there is necessarily diplomatic or economic pursuits between these places. But in that area, I think most people are convinced that if it is not peace, it is violence, it is war. That is a condition that every one of us wants to see avoided. And so I hope we can take some comfort in the fact that we, the United States, are trying to be helpful to all parties there. We have worked very hard to make sure that Israel has the ability to call upon us when she needs a friend in world forums.

We are friendly and supportive of Egypt and Jordan and even attempt to try to get the Palestinian Authority to renounce parts of their covenant that says they want to destroy Israel. Yes, we don't like that. But to suggest, on the other hand, that President Clinton is someone who wants to send Israel a threatening message that comes from the terrorist side of the equation is unfair and, again I say, outrageous.

So I hope the Israelis and the Palestinians will be able to pursue a peaceful discourse. No one—no one—knows what Israel needs by way of its security better than the people of Israel. They have to make that decision. It is not going to be made in Washington, it is going to be made in Jerusalem. It is going to be made between the parties, and we have to let them do that, but recognize that they want us to play a role.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Wyoming.

MOTHER'S DAY

Mr. ENZI. Mr. President, it is a pleasure to be in these Chambers on such a historic day. Many out there might think that I am referring to this final passage of the tax reform bill, and that is truly historic and very significant and allows the American people to be removed from the fear of their own Government. And that is significant, but it is not the most significant historical thing happening.

Earlier today, there was a speech in here that recognized something very important that is happening. Last year, I was presiding when Senator BYRD gave his speech about mothers. Today, he spoke about mothers. On Sunday, we will be recognizing mothers. Mothers are probably the most significant historical thing that happen each and every day in this country. "Mother" has to be the world's most special word.

I want to add to his comments and those of Senator THOMAS earlier today. Of course, the person we get to know the best—or at least, probably more correctly worded, who knows us the best—is our mother. That gives them a

very special place in our lives. They always set expectations for us. I will have to relate this in terms of my mother. I know it is done by mothers all over the country. I will tell you a little bit about my mother, and you can relate that to your mother and the other mothers in this country who are making a difference and raising families.

My mom set expectations. It is one of those jobs of a mom. I remember coming home from a PTA meeting when I was in kindergarten, and they had talked about college, and from that point on she talked about "when" I went to college. They had talked about Massachusetts Institute of Technology, MIT, so at that point she was sure I would be an engineer and go to MIT. But it is that expectation of college that sticks, and the other expectations of mom's, for me.

She made deals for learning, for education. I remember once an encyclopedia salesman came to the house—the "Book of Knowledge"—and I got to look at all those dream pages in there on all of those topics. I kind of pleaded with her to have an encyclopedia, and she asked me, if she got the encyclopedia, if I would give up comic books. This was in about second grade. Well, I wound up with the encyclopedia, and she worked hard to make sure we could pay for that encyclopedia. I still have that outdated encyclopedia, and it still gives the same excitement, the same feelings of mystery and adventure, that it did then.

And mothers give time. Sometimes they give it in a formal way to service organizations. My mom was a Cub Scout leader, she was my sister's Brownie and Girl Scout leader, and was very active in Sunday school and church, and just did a lot of things that involved us. But all mothers give time, and a lot of times we don't think about the time that they are giving when they are doing the things they are expected to do—organizing schedules, getting the meals together, doing the laundry, sewing a button on, putting a Band-Aid on—all those little things that we come to take for granted. That is time that mothers give—extra time that mothers give.

They give encouragement. They dream those dreams for us, and then they help us to fulfill them. It was my mom who encouraged me to be an Eagle Scout. "Encourage" is a word for "insist," I think. Without some insistence, sometimes we don't get quite to the place that their vision includes. And they hear about other dreams and visions for each one that we are able to accomplish, and they move us to another level of envisioning.

Of course, moms are the chief people for traditions, too. We have oyster stew on Christmas Eve, play instruments around a Christmas tree, have chicken on Sunday. In fact, to this day it isn't Sunday unless I get fried chicken. Nights with popcorn, playing games, listening—I am old enough that we used to sit down and listen to the radio together. "Fibber McGee and Molly" was one of the most popular shows. Making sauerkraut, and canning, all of the kinds of meals that mother put together.

Of course, the mothers are the ones who really establish that firm foundation of family. They are the ones who watch out for the parents and the grandparents and the kids and the grandkids, and think of the little events that are happening that ought to be special celebrations, and they make them special celebrations, often, by being there.

Of course, another part that mothers play is an educational role, passing on the lessons from their moms, and often in very succinct phrases. I have in my Washington office the mission statement that we came up with by which we measure everything that is done in the office. It is a series of phrases that my mom used to use when we were growing up, just so that we knew what we were supposed to be doing. The three easy rules are: Do what is right. Do your best. Treat others as you want to be treated. Even here in the U.S. Senate, if it doesn't fit those criteria, we are not going to do it.

Earlier today, Senator THOMAS made some comments about my mom. I deeply appreciated those. My mom was selected as Wyoming's Mother of the Year this year. She is 75 years young and still involved in many things, probably most principally still involved in being a mother. I still get the regular lessons, the hopes, the expectations, the dreams. But last weekend I got to go to Atlanta to see the special celebration for the mothers of the year from each of the States in the Nation. I have to tell you, that was a very spectacular collection of women who have done some very unusual things, way beyond the call of duty. And they do that as a celebration of all mothers and the unusual things that mothers do, often without credit.

I have to tell you that a lady named Diane Matthews was given the honor of being the Nation's Mother of the Year, and she will spend the next year traveling around at her own expense, helping out mothers' organizations across this country to deliver a message. I wish that I had the time to run through the special attributes that all of these women who were mothers of the year had. They deserve it. But, so does your mother deserve some special accolades, and that is what Sunday is going to be about, making a special day of saying, "Thanks, mom," and maybe mentioning a few of those things that we forget to mention some of the times.

I have to tell you a little bit about this organization that does this nationwide thing for promoting mothers, because that is what will change this country more than what we do in this body. Laws will not make the difference in the end—or in the beginning. Mothers are there at the beginning, and they start to form our lives right at that point. I have to tell you that this organization tries to improve motherhood, something that is already excellent. They know that it can be better. They know that if they work together, they can make this country better. I want to pass on to you a few of the suggestions they have for the homes of America.

They have a pledge that mothers who join sign on to. It covers some very basic things. They recognize that there are no quick fixes to problems facing families, but they suggest: Pray each day. Establish family traditions; share history. Inspire respect, a sense of belonging, a feeling of gratitude and responsibility. They suggest a daily devotion and having a family meeting once a week. That is included with eating together as a family at least once a day for a chance to compare notes; play together, learn, teach and model life skills, such as time management; love and nurture family members; monitor television viewing; promote patriotism; teach values; plan and spend time with your spouse; and learn the parenting skills.

They have some community goals: Reestablish the dignity and importance of being a mother; encourage community-wide needs assessment to identify and solve problems. They recognize that the moms can see the problems in the community, they can identify those needs and get people busy solving them.

They suggest implementing a mentor mothers program: Get the mothers who have some experience to help those who don't have experience yet to learn what the jobs are, and that can be done in a neighborhood sort of way.

They have a number of suggestions for the neighborhood: Create a nurturing neighborhood; community watch and safe neighborhoods; community cleanliness and beautification; recycling; emergency preparedness; gardens for the hungry; and neighborhood parties to create a sense of belonging. In this country, we have lost the sense of belonging as we get so busy and wrapped up in our jobs, and that is something to which mothers will bring us back.

They are emphasizing family time together, mothers helping other mothers, sharing the peace and power of prayer and providing quilts for at-risk babies—they go to hospitals all over the country and give quilts to babies who might otherwise be at risk—and also showing the appreciation of the role of mothers everywhere.

It was a tremendous adventure to attend their convention and see all of the

different activities in which they are involved, things we ought to have more people involved in all over this country.

I encourage everyone to make Mother's Day special this year. Mothers help us to have celebrations. They are cheerleaders for all of the events of our lives. Sunday is a good day to be a cheerleader for the events in their lives. Take a few moments and write down some of the fond memories of your mother and share those with your mother. It will be a pleasant experience for both of you. After all, your mother had the dreams and did the work that makes your day, today, a reality.

In a speech I saw once, there were some lines that go something like this: For 9 long months, your mother carried you next to her heart. There is nothing that you will ever be able to do that will exceed her secret expectations of you. And even if your actions sink to the lowest depths of human behavior, you can't possibly sink beneath the love of her for you.

U.S. FOREIGN OIL CONSUMPTION FOR WEEK ENDING MAY 1ST

Mr. HELMS. Mr. President, the American Petroleum Institute's report for the week ending May 1, that the U.S. imported 8,773,000 barrels of oil each day, an increase of 667,000 barrels over the 8,106,000 imported daily during the same week a year ago.

Americans relied on foreign oil for 57.7 percent of their needs last week. There are no signs that the upward spiral will abate. Before the Persian Gulf War, the United States obtained approximately 45 percent of its oil supply from foreign countries. During the Arab oil embargo in the 1970s, foreign oil accounted for only 35 percent of America's oil supply.

Politicians had better give consideration to the economic calamity sure to occur in America if and when foreign producers shut off our supply—or double the already enormous cost of imported oil flowing into the U.S.—now 8,287,000 barrels a day.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Wednesday, May 6, 1998, the federal debt stood at $5,485,513,178,742.02 (Five trillion, four hundred eighty-five billion, five hundred thirteen million, one hundred seventy-eight thousand, seven hundred forty-two dollars and two cents).

One year ago, May 6, 1997, the federal debt stood at $5,337,029,000,000 (Five trillion, three hundred thirty-seven billion, twenty-nine million).

Five years ago, May 6, 1993, the federal debt stood at $4,244,490,000,000 (Four trillion, two hundred forty-four billion, four hundred ninety million).

Ten years ago, May 6, 1988, the federal debt stood at $2,517,049,000,000 (Two trillion, five hundred seventeen billion, forty-nine million).

Fifteen years ago, May 6, 1983, the federal debt stood at $1,255,688,000,000 (One trillion, two hundred fifty-five billion, six hundred eighty-eight million) which reflects a debt increase of more than $4 trillion—$4,229,825,178,742.02 (Four trillion, two hundred twenty-nine billion, eight hundred twenty-five million, one hundred seventy-eight thousand, seven hundred forty-two dollars and two cents) during the past 15 years.

COMMEMORATING THE LIFE OF RONALD E. WYNN

Mr. FRIST. Mr. President, I rise today to commemorate the life of Ronald E. Wynn, who died Friday, May 1, 1998. I first met Ron as a patient in 1987. He bears the distinction of being the first African-American to receive a heart transplant at Vanderbilt University Medical Center, and I had the honor of performing his surgery. While our relationship was initially that of doctor/patient, it later evolved into something deeper. Ron's wife describes him as someone who "always had a smile on his face" and who "always tried to help other people." These characteristics, along with our shared desire to promote the need for organ donation, caused our friendship to grow.

Several of my transplant patients came to me in 1987 with the idea of bicycling across the state of Tennessee to promote organ donation awareness. My initial thought was they were crazy. I told them, "It's one thing to go swimming and riding and jumping running around at a controlled event, where help is just around the corner. But to go pedaling across a state with nobody around to help and no place to go if you get in trouble—it's not twenty-five miles, with people standing cheering you on; it's five hundred miles, with long stretches of deserted road, and huge hills, and cars zipping past. It's too risky." Ron was one of those courageous souls who sought to publicize this worthwhile goal by participating in this event, and he, along with several others, eventually persuaded me that it could be done in a safe and effective manner. Because of their influence, I, too, became an advocate for this program and took an active role in publicizing and promoting this event. "Transplant Bikers Across Tennessee" became a phenomenal success which helped increase donor awareness across our state and our country.

Ron's contributions to our state spanned a wide range of achievement and service. One of our local papers, The Tennessean, chronicled Ron's life in its May 5, 1998 edition. Ron graduated from Pearl Senior High School in 1965 and from Fisk University in 1969 with a degree in physics. He then continued his education by doing graduate work at Fisk in physics and mathematics, and put that education to practice by working as a health physicist reviewing radioactive material applications. Ron also served as a reserve officer in the Navy and was the first African-American on the amphibious assault carrier the USS *Francis Marion*. While these achievements are impressive and commendable, his family stated that he "will be remembered most of his generous spirit."

As hard as you try not to become too attached to your patients, it happens all the same. As a physician or a nurse, you will pull for them, you cheer them on, you attend to their needs—physically and emotionally, and in the end, they make an impression on you that isn't erased just because the surgery is completed. Ron's passing is a great loss to so many people. It is also a personal loss for me. His loyalty to organ donor awareness is to be commended, and, as a tribute to this man who sought to help others who depend on organ donation for life, we should carry on this work in his memory.

At the successful completion of the "Transplant Bikers Across Tennessee" event, Ron and the other participants were engulfed by the media. Ron responded by saying, "A lot of people have called us heroes this week, but the real heroes are those people, the ones who donate their organs so that out of their tragic deaths people like me can have a life." Ron will be sorely missed by his family, friends, and community. I have made it a goal to continue efforts to increase public awareness and to ensure that we are doing all we can to save lives through organ donation.

MESSAGES FROM THE HOUSE

At 12:02 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 1872. An act to amend the Communications Satellite Act of 1962 to promote competition and privatization in satellite communications, and for other purposes.

The message also announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 265. Concurrent resolution authorizing the use of the East Front of the Capitol Grounds for performances sponsored by the John F. Kennedy Center for the Performing Arts.

The message further announced that the Speaker appoints the following Members as additional conferees in the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2400) to authorize funds for Federal-aid highways,

highway safety programs, and transit programs, and for other purposes; and appoints as additional conferees from the Committee on the Budget, for consideration of titles VII and X of the House bill and modifications committed to conference: Mr. PARKER, Mr. RADANOVICH, and Mr. SPRATT.

The message also announced that the Clerk be directed to return to the Senate the bill (S. 414) to amend the Shipping Act of 1984 to encourage competition in international shipping and growth of United States exports, and for other purposes, in compliance with a request of the Senate for the return thereof.

At 2:01 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House disagrees to the amendment of the Senate to the bill (H.R. 2646) to amend the Internal Revenue Code of 1986 to allow tax-free expenditures from education individual retirement accounts for elementary and secondary expenses, to increase the maximum annual amount of contributions to such accounts, and for other purposes, and agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints for the consideration of the House bill and Senate amendment, and modifications committed to conference: Mr. ARCHER, Mr. GOODLING, Mr. ARMEY, Mr. RANGEL, and Mr. CLAY, as the managers of the conference on the part of the House.

ENROLLED BILL SIGNED

The message also announced that the Speaker has signed the following enrolled bill:

S. 1502. An act entitled the "District of Columbia Student Opportunity Scholarship Act of 1998."

Under the authority of the order of today, May 7, 1998, the enrolled bill was signed subsequently by the Acting President pro tempore (Mr. COATS).

At 7:15 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 6. An act to extend the authorization of programs under the Higher Education Act of 1965, and for other purposes.

H.R. 3694. An act to authorize appropriations for fiscal year 1999 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 6. An act to extend the authorization of programs under the Higher Education Act of 1965, and for other purposes; to the Committee on Labor and Human Resources.

H.R. 1872. An act to amend the Communications Satellite Act of 1962 to promote competition and privatization in satellite communications, and for other purposes; to the Committee on Commerce, Science, and Transportation.

H.R. 3694. An act to authorize appropriations for fiscal year 1999 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes; to the Select Committee on Intelligence.

MEASURE READ THE FIRST TIME

The following bill was read the first time:

H.R. 3717. An act to prohibit the expenditure of Federal funds for the distribution of needles or syringes for the hypodermic injection of illegal drugs.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–4800. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12–275 adopted by the Council on January 6, 1998; to the Committee on Governmental Affairs.

EC–4801. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12–316 adopted by the Council on March 3, 1998; to the Committee on Governmental Affairs.

EC–4802. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12–317 adopted by the Council on March 3, 1998; to the Committee on Governmental Affairs.

EC–4803. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12–318 adopted by the Council on March 3, 1998; to the Committee on Governmental Affairs.

EC–4804. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12–319 adopted by the Council on March 3, 1998; to the Committee on Governmental Affairs.

EC–4805. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12–322 adopted by the Council on March 3, 1998; to the Committee on Governmental Affairs.

EC–4806. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12–323 adopted by the Council on March 3, 1998; to the Committee on Governmental Affairs.

EC–4807. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12–324 adopted by the Council on March 3, 1998; to the Committee on Governmental Affairs.

EC–4808. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12–326 adopted by the Council on March 17, 1998; to the Committee on Governmental Affairs.

EC–4809. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12–331 adopted by the Council on April 7, 1998; to the Committee on Governmental Affairs.

EC–4810. A communication from the Executive Director of the District of Columbia Financial Responsibility and Management Assistance Authority, transmitting, pursuant to law, the report on the Second Quarter Obligations and Expenditures of Non-Appropriated Funds for fiscal year 1998; to the Committee on Governmental Affairs.

EC–4811. A communication from the Manager of Benefits Communication, Farm Credit Bank of Wichita, transmitting, pursuant to law, a report entitled "Plan Year Ending December 31, 1996"; to the Committee on Governmental Affairs.

EC–4812. A communication from the Comptroller General of the United States, transmitting, pursuant to law, the report of the list of General Accounting Office reports for March 1998; to the Committee on Governmental Affairs.

EC–4813. A communication from the Chairman of the Appraisal Subcommittee, Federal Financial Institutions Examination Council, transmitting, pursuant to law, the reports under the Inspector General Act and on the system of internal accounting and financial controls; to the Committee on Governmental Affairs.

EC–4814. A communication from the Chairman of the Federal Election Commission, transmitting, pursuant to law, the report under the Government in the Sunshine Act for calendar year 1997; to the Committee on Governmental Affairs.

EC–4815. A communication from the General Counsel of the Federal Retirement Thrift Investment Board, transmitting, pursuant to law, the report of a rule entitled "Correction of Administrative Errors" received on April 27, 1998; to the Committee on Governmental Affairs.

EC–4816. A communication from the Administrator of the General Services Administration, transmitting, pursuant to law, a report entitled "Utilization and Donation of Federal Personal Property" for fiscal years 1995 through 1996; to the Committee on Governmental Affairs.

EC–4817. A communication from the Chairman of the Federal Trade Commission, transmitting, pursuant to law, the report under the Government in the Sunshine Act for calendar year 1997; to the Committee on Governmental Affairs.

EC–4818. A communication from the Director of the Office of Government Ethics, transmitting, a draft of proposed legislation entitled "The Office of Government Ethics Authorization Act of 1998"; to the Committee on Governmental Affairs.

EC–4819. A communication from the Director of the Office of Government Ethics, transmitting, the report on the activities of OGE and the executive branch ethics program during the calendar years of 1996 and 1997; to the Committee on Governmental Affairs.

EC–4820. A communication from the Executive Director, Committee for Purchase From People Who are Blind or Severely Disabled, transmitting, pursuant to law, a rule relative to additions to the procurement list,

received on April 24, 1998; to the Committee on Governmental Affairs.

EC–4821. A communication from the Executive Director, Committee for Purchase From People Who are Blind or Severely Disabled, transmitting, pursuant to law, a rule relative to additions to the procurement list, received on April 29, 1998; to the Committee on Governmental Affairs.

EC–4822. A communication from the General Counsel of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a rule entitled "Freedom of Information Act" (RIN0348–AB42) received on May 1, 1998; to the Committee on Governmental Affairs.

EC–4823. A communication from the Director of the Office of Administration and Management, Office of the Secretary of Defense, transmitting, pursuant to law, the report of a rule entitled "Defense Logistics Agency Privacy Program" received on April 20, 1998; to the Committee on Governmental Affairs.

EC–4824. A communication from the General Counsel of the Department of Defense, transmitting, a draft of proposed legislation entitled "Extended Medical Care Coverage for Officer Program Participants"; to the Committee on Governmental Affairs.

EC–4825. A communication from the Human Resources Manager, CoBank, transmitting, pursuant to law, the report of the ABC Retirement Plan for fiscal year 1996; to the Committee on Governmental Affairs.

EC–4826. A communication from the Director of the U.S. Trade and Development Agency, transmitting, pursuant to law, the annual report for fiscal year 1996 and 1997; to the Committee on Governmental Affairs.

EC–4827. A communication from the Executive Director of the Neighborhood Reinvestment Corporation, transmitting, pursuant to law, the report under the Government in the Sunshine Act for calendar year 1997; to the Committee on Governmental Affairs.

EC–4828. A communication from the General Counsel of the Department of Defense, transmitting, drafts of four proposed items of legislation that address several management concerns of the Department of Defense: to the Committee on Commerce, Science, and Transportation.

EC–4829. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the report of a certification regarding the incidental capture of sea turtles in commercial shrimping operations; to the Committee on Commerce, Science, and Transportation.

EC–4830. A communication from the Acting Director of the Office of Sustainable Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule to close the commercial fishery for red snapper in Federal waters of the Gulf of Mexico received on May 4, 1998; to the Committee on Commerce, Science, and Transportation.

EC–4831. A communication from the Acting Director of the Office of Sustainable Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule to close the recreational fishery for red snapper in Federal waters of the Gulf of Mexico (Docket 970730185–7206–02) received on May 4, 1998; to the Committee on Commerce, Science, and Transportation.

EC–4832. A communication from the Acting Director of the Office of Sustainable Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule to increase the minimum size limit for vermilion snapper in Federal waters of the Gulf of Mexico (RIN0648–AJ89) received on May 4, 1998; to the Committee on Commerce, Science, and Transportation.

EC–4833. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of twenty rules including a rule entitled "Safety/Security Zone Regulations; Santa Barbara Channel, CA" [RIN2115–AA97 (1998–0010 through 1998–0013); RIN2120–AE71; RIN2120–AA66 (Dockets 98–AWP–5/4–20, 98–AWP–2/4–23, 97–ASO–16, 97–AWP–17, 97–ACE–39, 98–ACE–1, 97–ACE–38); RIN2120–AA64 (Dockets 98–NM–114–AD, 97–CE–42–AD, 97–SW–52–AD, 97–CE–46–AD, 97–CE–88–AD, 96–CE–54–AD, 97–CE–108–AD, 97–CE–98–AD)] received on April 23, 1998; to the Committee on Commerce, Science, and Transportation.

EC–4834. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of three rules including a rule entitled "Safety Zone; Greenwood Lake Powerboat Classic, Greenwood Lake, New Jersey" [RIN2115–AA97; RIN2120–AA64 (Dockets 97–CE–134–AD, 98–NM–130–AD)] received on May 4, 1998; to the Committee on Commerce, Science, and Transportation.

EC–4835. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of seventeen rules including a rule entitled "Special Flight Rules in the Vicinity of the Grand Canyon National Park; Final rule-correcting amendment" [RIN2120–ZZ12; RIN2120–AA64 (Dockets 98–NM–127–AD, 98–NM–124–AD, 97–CE–91–AD, 97–CE–118–AD, 97–CE–97–AD, 98–NM–125–AD, 98–NM–126–AD, 96–NM–186–AD, 97–NM–226–AD, 97–NM–135–AD, 97–NM–337–AD, 97–NM–263–AD); RIN2120–AA66 (Dockets 98–AGL–1, 98–AGL–4, 98–AGL–3); RIN97–ASW–27] received on April 23, 1998; to the Committee on Commerce, Science, and Transportation.

EC–4836. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of thirty-one rules including a rule entitled "Parts and Accessories Necessary for Safe Operation; Antilock Brake Systems" [RIN2125–AD42; RIN2105–ZZ02; RIN2130–AB22; RIN2130–AA96; RIN2115–AE82; RIN2115–AA97; RIN2115–AE47; RIN2115–AA98; RIN2115–AA97 (1998–0014 and 1998–0015); RIN2115–AE46; RIN2120–AA64 (Dockets 96–NM–59–AD, 95–NM–143–AD, 96–NM–199–AD, 97–NM–217–AD, 96–NM–248–AD, 97–NM–303–AD, 97–CE–68–AD, 97–CE–132–AD, 97–CE–104–AD, 97–CE–124–AD, 97–CE–48–AD); RIN2120–AA65 (Dockets 29162, 29163, 29164, 29198, 29199); RIN2120–AA66 (Dockets 98–ACE–2, 98–ACE–6, 98–ACE–3, 98–ACE–4)] received on May 1, 1998; to the Committee on Commerce, Science, and Transportation.

EC–4837. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of twenty-two rules including a rule entitled "Drawbridge Regulations: Anacostia River, Washington D.C." (RIN 2115–AE47; RIN2115–AD35; RIN2115–AA97; RIN2120–ZZ11; RIN2120–AF95; RIN2120–AA66 (Dockets 98–AWP–8/4–13, 97–AWP–20/4–13, 96–ASW–30, 96–AWP–3/4–13); RIN2120–AA65 (Dockets 29186, 29185, 29187); RIN2120–AA64 (Dockets 90–CE–65–AD, 97–NM–267–AD, 94–ANE–39, 97–NM–93–AD, 97–NM–291–AD, 98–NM–83–AD, 97–NM–69–AD, 97–NM–97–AD); RIN2120– (Dockets 97–ANM–15, 97–ANM–16)] received on April 21, 1998; to the Committee on Commerce, Science, and Transportation.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. SHELBY, from the Select Committee on Intelligence, without amendment:

Mr. THURMOND. Mr. President, pursuant to section 3(b) of Senate Resolution 400, I ask that, S. 2052, the Intelligence Authorization Act for fiscal year 1999, be referred to the Committee on Armed Services.

S. 2052: An original bill to authorize appropriations for fiscal year 1999 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Retirement and Disability System, and for other purposes.

Referred to the Committee on Armed Services for a period not to exceed 30 days of session, pursuant to section 3(b) of Senate Resolution 400 of the 94th Congress to report or be discharged.

By Mr. HATCH, from the Committee on the Judiciary, without amendment:

S. 1525: A bill to provide financial assistance for higher education to the dependents of Federal, State, and local public safety officers who are killed or permanently and totally disabled as the result of a traumatic injury sustained in the line of duty.

By Mr. HATCH, from the Committee on the Judiciary, without amendment and with a preamble:

S. Con. Res. 75: A concurrent resolution honoring the sesquicentennial of Wisconsin statehood.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HATCH, from the Committee on the Judiciary:

William P. Dimitrouleas, of Florida, to be United States District Judge for the Southern District of Florida.

Stephan P. Mickle, of Florida, to be United Sates District Judge for the Northern District of Florida.

Chester J. Straub, of New York, to be United States Circuit Judge for the Second Circuit.

(The above nominations were reported with the recommendation that they be confirmed.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BAUCUS (for himself, Mr. GRAHAM, Mr. BREAUX, Mr. REID, Mr. GRASSLEY, Ms. MIKULSKI, and Mr. JOHNSON):

S. 2040. A bill to amend title XIX of the Social Security Act to extend the authority of State medicaid fraud control units to investigate and prosecute fraud in connection with Federal health care programs and abuse of residents of board and care facilities; to the Committee on Finance.

By Mr. SMITH of Oregon:

S. 2041. A bill to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the

Interior to participate in the design, planning, and construction of the Willow Lake Natural Treatment System Project for the reclamation and reuse of water, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. FAIRCLOTH:

S. 2042. A bill to provide for a program to improve commercial motor vehicle safety in the vicinity of the borders between the United States and Canada and the United States and Mexico; to the Committee on Commerce, Science, and Transportation.

By Mrs. BOXER (for herself, Mr. BUMPERS, and Mr. DURBIN):

S. 2043. A bill to repeal the limitation on use of appropriations to issue rules with respect to valuation of crude oil for royalty purposes; to the Committee on Energy and Natural Resources.

By Mr. KENNEDY (for himself, Mrs. MURRAY, Mr. LEVIN, Mr. INOUYE, Mr. DODD, Mr. KERRY, Mr. DASCHLE, Mr. BINGAMAN, and Mr. GLENN):

S. 2044. A bill to assist urban and rural local education agencies in raising the academic achievement of all of their students; to the Committee on Labor and Human Resources.

By Mr. FAIRCLOTH:

S. 2045. A bill to amend title 10, United States Code, to permit certain beneficiaries of the military health care system to enroll in Federal employees health benefits plans, and for other purposes; to the Committee on Armed Services.

By Mr. ASHCROFT:

S. 2046. A bill to ensure that Federal, State and local governments consider all nongovernmental organizations on an equal basis when choosing such organizations to provide assistance under certain government programs, without impairing the religious character of any of the organizations, and without diminishing the religious freedom of beneficiaries of assistance funded under such programs, and for other purposes; to the Committee on Governmental Affairs.

By Mr. HATCH (for himself and Mr. BENNETT):

S. 2047. A bill to suspend temporarily the duty on the personal effects of participants in, and certain other individuals associated with, the 1999 International Special Olympics, the 1999 Women's World Cup Soccer, the 2001 International Special Olympics, the 2002 Salt Lake City Winter Olympics, and the 2002 Winter Paralympic Games; to the Committee on Finance.

By Mr. SANTORUM:

S. 2048. A bill to provide for the elimination of duty on Ziram; to the Committee on Finance.

By Mr. KERREY (for himself, Mr. BOND, Mr. DURBIN, Mr. KENNEDY, Mr. DEWINE, and Mr. MOYNIHAN):

S. 2049. A bill to provide for payments to children's hospitals that operate graduate medical education programs; to the Committee on Finance.

By Mrs. FEINSTEIN:

S. 2050. A bill to amend title 10, United States Code, to prohibit members of the Armed Forces from entering into correctional facilities to present decorations to persons who commit certain crimes before being presented such decorations; to the Committee on Armed Services.

By Mr. WARNER:

S. 2051. A bill to establish a task force to assess activities in previous base closure rounds and to recommend improvements and alternatives to additional base closure rounds; to the Committee on Armed Services.

By Mr. SHELBY:

S. 2052. An original bill to authorize appropriations for fiscal year 1999 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Retirement and Disability System, and for other purposes; from the Select Committee on Intelligence; to the Committee on Armed Services, pursuant to the order of section 3(b) of S. Res. 400 for a period not to exceed 30 days of session.

By Mr. WARNER:

S. 2053. A bill to require the Secretary of the Treasury to redesign the $1 bill so as to incorporate the preamble to the Constitution of the United States, the Bill of Rights, and a list of Articles of the Constitution on the reverse side of such currency; to the Committee on Banking, Housing, and Urban Affairs.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. FAIRCLOTH (for himself and Mr. HELMS):

S. Res. 225. A resolution expressing the sense of the Senate regarding the 35th anniversary of the founding of the North Carolina Community College System; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BAUCUS (for himself, Mr. GRAHAM, Mr. BREAUX, Mr. REID, Mr. GRASSLEY, Ms. MIKULSKI, and Mr. JOHNSON):

S. 2040. A bill to amend title XIX of the Social Security Act to extend the authority of State medicaid fraud control units to investigate and prosecute fraud in connection with Federal health care programs and abuse of residents of board and care facilities; to the Committee on Finance.

THE SENIOR CITIZEN PROTECTION ACT OF 1998

Mr. BAUCUS. Mr. President, today I rise to introduce the Senior Citizen Protection Act of 1998. The legislation aims to protect our nation's seniors from patient and elder abuse. The bill also protects our federal health care programs, most notably Medicare, from fraud.

In the past two years, we have made great strides against fraud and abuse by passing new initiatives. These initiatives include closing loopholes, improving coordination between Federal, State, and local law enforcement programs, and enhancing the powers of the Inspector General of the Department of Health and Human Services to combat fraud and recover lost money.

These measures are helping, but there is another vision which I think will help us stay ahead of those who endlessly scheme to defraud our health care programs. The Senior Citizen Protection Act deputizes Medicaid investigators and enables them to weed out fraud and abuse in our federal health program.

Currently, when a Medicaid Fraud Control Unit investigates a state Medicaid fraud case and finds a similar violation in Medicare, the Unit cannot investigate the Medicare infraction. Common sense will tell you that an unscrupulous actor defrauding Medicaid will likely do the same to federal health programs.

In Montana, for example, the Medicaid Fraud Control Unit routinely finds co-existing cases of Medicaid and Medicare fraud in patient records. While the Unit has the documents right in front of them, they can not pursue the Medicare abuses.

Federal authorities must conduct a new and separate investigation. Unfortunately, these violations may be too small to justify a federal investigation. The majority of health care fraud recoveries, 62%, are more than a million dollars. Even more striking, only 6% of federal fraud recoveries are in an amount lower than $100,000. Thus, the Federal Government is doing a good job of weeding out the big actors in the anti-fraud war, but the smaller actors—which still cost money—continue to ride scot-free.

That is where our legislation can help. If a fraud Unit is investigating a fraudulent doctor, for example, and finds some Medicare claims that look false, currently the investigator has to call the Inspector General's office and report their suspicions.

In many cases, however, they hear back from Washington that the claims may be fraudulent, but the fraud is not widespread enough to justify the expense of a federal investigation. Under our legislation, the Units will now be able to wrap the Medicare case into their own investigation and the Federal Government will be able to continue spending their resources on larger fraud operations.

The Senior Citizen Protection Act allows state Fraud Control Units to investigate federal violations which come to their attention during an existing state Medicaid investigation. By giving the Units this discreet authority, we can take another step toward reducing fraud and abuse.

While most fraud cases are the result of overbilling, false billing, or a provider performing unnecessary services, almost 25% of health care fraud cases are due to poor quality of care or care not provided. And that is when these problems cross over from health care fraud to actual patient abuse and neglect. It alarms all of us when we hear stories of older individuals being harmed by unscrupulous persons. What upsets me so much about elderly abuse is how vulnerable these victims are, especially since they depend so much on their health care providers for actual daily activities.

Some Senators may have heard about the egregious case in Arizona where

two defendants pled guilty to three counts of aggravated assault for sexually assaulting, intimidating and abusing patients. Their crimes included spitting at and kicking patients, and threatening to give a pill to a patient so he would never wake up. Some patients were so afraid they would not eat or drink. This is a modern tragedy.

Other stories include incidents of physical abuse, verbal ridicule and mockery, and neglect, such as depriving patients of food, water and the opportunity for communication.

Under current law, state Medicaid Fraud Control Units can only investigate and prosecute cases of elder abuse in state-funded facilities. However, more and more seniors are moving into assisted living and residential treatment settings that receive no state funds. Let me be clear: I support this trend, as it gives seniors more choices about the type of long-term care they receive. I am concerned, however, that assisted living facilities have little oversight to prevent patient neglect and abuse. Local authorities often lack the resources and skill to investigate health care cases.

In Montana, our state Medicaid Fraud Control Unit routinely receives calls from local law enforcement agencies, local public health departments, and even Adult Protective Services requesting assistance with elder abuse cases. However, the Fraud Unit's hands are tied; they lack the jurisdictional authority to offer help.

The Senior Citizen Protection Act will enable state Medicaid Fraud Control Units to investigate cases of patient abuse and neglect in residential facilities that do not receive state reimbursement. Medicaid investigators have the experience and expertise to assist local authorities with this job. Allowing the Medicaid Fraud Control Units to lend their expertise to cases in non-Medicaid facilities makes good sense and is right for our seniors.

Mr. REID. Mr. President, I rise in support of S. 2040 the Senior Citizens Protection Act introduced by Senator BAUCUS earlier this morning.

I am pleased to be an original cosponsor on this important legislation.

There are 47 federally certified Medicaid Fraud Control Units across the country. Since the program began in 1978, more than 8,000 cases have been prosecuted. They do an excellent job.

Millions of dollars have been returned as a result of their work.

The "Senior Citizens Protection Act of 1998" makes two very simple changes to Medicaid Fraud Control Unit authority.

First it gives MFCU's the authority to investigate violations in our federal health programs—primarily Medicare in addition to their current authority to investigate violations in Medicaid.

Secondly, the bill would enable MFCU's to investigate patient abuse and neglect in residential health care facilities that do not receive Medicaid reimbursement.

In short the bill has two goals: to stop health care fraud and to protect vulnerable seniors.

As the face of long-term care changes, local authorities need the resources to investigate claims of patient and elder abuse.

Rather than create new bureaucracies, this bill allows us to build upon the expertise of an existing entity—the state Medicaid Fraud Control Units.

During two Aging Committee field hearings that I held in Las Vegas and Reno in January 1998, I heard first hand from the Nevada Attorney General, Frankie Sue Del Papa, how important this legislation was.

She made it very clear to me that her Medicaid Fraud Control Unit has the expertise to investigate these cases. They simply need the authority.

The MFCU's have the know how and experience to protect seniors in residential health care facilities. They merely lack the authority to get involved in non-Medicaid cases.

This legislation will give them the needed authority. That is why this bill is endorsed by the National Association of Attorneys General, the Department of Justice, the American Association of Retired Persons and the Department of Health and Human Services Office of the Inspector General.

Simply put, it is the right thing to do.

It is unfortunate that when MFCU investigators involved in a case of Medicaid fraud discover evidence that this fraud may also be happening in the Medicare program, or other federally funded health care programs, they are restricted from taking action. This bill will change that.

Under current law, the MFCU can only investigate patient abuse in medical facilities which receive Medicaid funds.

In 1996 and 1997, the Nevada MFCU received 120 referrals but only opened 20 investigations due in part to limited jurisdiction.

Although many of these cases are referred to local law enforcement, they may never be criminally investigated or prosecuted due to lack of expertise or available resources.

State MFCUs are able to conduct these investigations and this bill will give them the needed authority.

In Nevada 47 nursing homes and 54 adult group homes receive Medicaid funding.

When abuse or neglect occurs in such facilities, the state MFCU can investigate.

However, we also have approximately 265 residential facilities for groups and 321 registered homes which could fall within the definition of "board and care facilities" set forth in this bill.

With the passage of this bill, seniors and other residents in these facilities would be protected regardless of whether the facility receives Medicaid funding or not.

This bill would give the state MFCU the authority to investigate allegations of abuse and neglect in these facilities.

As we collectively strive to reduce fraud and abuse in our Medicare and Medicaid programs, we cannot overlook any opportunity to make a difference.

This bill is a welcome weapon in our arsenal to fight abuse.

I commend Senators BAUCUS of Montana and GRAHAM of Florida for their sponsorship of this bill and Senators MIKULSKI, GRASSLEY, JOHNSON, and BREAUX for their original cosponsorship of this important legislation.

We need all the ammunition possible in the war against health care fraud and in assuring the protection of our nation's most vulnerable seniors in the spectrum of long-term care facilities.

The bill introduced by my colleagues today is a major step in the right direction.

I am pleased to join them in sponsoring this important legislation.

Ms. MIKULSKI. Mr. President, I am pleased to be an original cosponsor of the Senior Citizens Protection Act of 1998, introduced by Senator BAUCUS. I support this legislation for two reasons—it fights fraud and protects seniors.

Fraud and abuse pose a serious threat to Medicare and Medicaid. We cannot afford to tolerate any more abuse of the system. The job of Medicaid Fraud Control Units (MFCUs) is to investigate and prosecute Medicaid fraud in state programs. MFCUs have prosecuted thousands of cases and recovered hundreds of thousands of Medicaid dollars. Every dollar saved by MFCUs is another dollar we can use to provide quality service to those who need it.

This legislation expands the authority of Medicaid Fraud Control Units in two ways. It allows MFCUs to investigate federal fraud violations discovered during a state Medicaid investigation. Currently, MFCUs cannot investigate Medicare fraud or other federal fraud violations. Under the Senior Citizens Protection Act, MFCUs will be able to investigate federal fraud, and return recovered funds to the federal government.

I am firmly committed to protecting seniors from elder abuse. This legislation protects seniors by authorizing to MFCUs to investigate patient abuse in residential health care facilities that do not receive Medicaid reimbursement. The number of residential facilities is growing, but local authorities often lack the resources to investigate elder abuse. MFCUs are already investigating elder abuse in facilities that receive Medicaid funding. But under the Senior Citizens Protection Act,

MFCUs will be able to protect all of our senior citizens living in residential facilities.

I want to let those who depend on Medicaid and Medicare know that we are fighting to stop fraud and waste. We have done an outstanding job in protecting Medicaid-covered seniors from fraud and abuse. It is now time to extend that protection to all of our senior citizens.

By Mr. SMITH of Oregon:

S. 2041. A bill to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the Interior to participate in the design, planning, and construction of the Willow Lake Natural Treatment System Project for the reclamation and reuse of water, and for other purposes; to the Committee on Energy and Natural Resources.

THE WILLOW LAKE PROJECT ACT

Mr. SMITH of Oregon. Mr. President, today I am introducing legislation to authorize the Secretary of the Interior to participate in the design, planning and construction of the Willow Lake Natural Treatment System Project for the reclamation and reuse of water by the city of Salem, Oregon. This project is an innovative approach to an ongoing sewer overflow problem. It will not only provide environmental benefits for the city and the Willamette Valley, but could also provide irrigation water for the local farming community.

This natural treatment system is one component of the city's recently adopted Wastewater Master Plan. Currently, the city has a combined sanitary sewer system. Unfortunately, each winter season during the wet weather, sewer overflows spill into Salem-area creeks and streams, as well as the Willamette River.

The proposed natural treatment system, working in conjunction with the city's wastewater treatment plant, will provide Salem with the ability to meet regulatory requirements by storing and treating all wastewater from Salem's sewer system and significantly reducing wet weather sewer system overflows. The finished system will meet Oregon Department of Environmental Quality (DEQ) standards, and be fully operational by 2010. Although the specific site has not yet been selected, I am hopeful that any land needed for the project will be acquired on a willing buyer-willing seller basis.

The natural treatment system proposed includes both overland flow treatment and constructed wetlands treatment. The overland flow system will include grassy swales and poplar trees to provide a high level of wastewater treatment. The constructed wetlands will include shallow ponds with wetland-type vegetation, and provide both treatment and storage. This system will be capable of producing between 10 and 20 million gallons per day of high quality effluent during the summer months that could potentially be used as a source of irrigation water for the farming community in the area. A separate feasibility study will have to be conducted before a determination is made on whether to use this water for irrigation purposes. Any application of this water would have to be in accordance with state water quality standards and the requirements of the food processing industry.

This bill would authorize the Secretary to participate in this project under the Bureau of Reclamation's existing Title XVI water reuse program. This program requires a feasibility study for all projects authorized, and caps the federal cost-share of the construction costs. Under the Title XVI program, the city would have title to the project, and be responsible for all operation and maintenance costs.

This project will provide multiple benefits for the environment. It will naturally treat wastewater, provide habitat for fish and wildlife, improve water quality in Salem-area streams and the Willamette River, and reduce wintertime sewer system overflows. As water supplies tighten throughout the western United States, we need to look at innovative, cost-effective programs such as this to reuse water as efficiently as possible.

I urge my colleagues to support enactment of this legislation, and will ask for its timely consideration by the Committee on Energy and Natural Resources. Mr. President, I ask unanimous consent to have the bill printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2041

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION. 1. WILLOW LAKE NATURAL TREATMENT SYSTEM PROJECT.

(a) IN GENERAL.—The Reclamation Wastewater and Groundwater Study and Facilities Act (43 U.S.C. 390h et seq.) is amended—

(1) by redesignating sections 1631, 1632, and 1633 as sections 1632, 1633, and 1634, respectively; and

(2) by inserting after section 1630 the following new section 1631:

"SEC. 1631. WILLOW LAKE NATURAL TREATMENT SYSTEM PROJECT.

"(a) AUTHORIZATION.—The Secretary, in cooperation with the City of Salem, Oregon, is authorized to participate in the design, planning, and construction of the Willow Lake Natural Treatment System Project to reclaim and reuse wastewater within and without the service area of the City of Salem.

"(b) COST SHARE.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost.

"(c) LIMITATION.—The Secretary shall not provide funds for the operation and maintenance of a project described in subsection (a).".

(b) CONFORMING AMENDMENTS.—That Act is further amended—

(1) in section 1632 (43 U.S.C. 390h–13) (as redesignated by subsection (a)(1)), by striking "section 1630" and inserting "section 1631";

(2) in section 1633(c) (43 U.S.C. 390h–14) (as so redesignated), by striking "section 1633" and inserting "section 1634"; and

(3) in section 1634 (43 U.S.C. 390h–15) (as so redesignated), by striking "section 1632" and inserting "section 1633".

(c) CLERICAL AMENDMENT.—The table of contents in section 2 of the Reclamation Projects Authorization and Adjustment Act of 1992 is amended by striking the items relating to sections 1631 through 1633 and inserting the following:

"Sec. 1631. Willow Lake Natural Treatment System Project.
"Sec. 1632. Authorization of appropriations.
"Sec. 1633. Groundwater study.
"Sec. 1634. Authorization of appropriations.".

By Mr. FAIRCLOTH:

S. 2042. A bill to provide for a program to improve commercial motor vehicle safety in the vicinity of the borders between the United States and Canada and the United States and Mexico; to the Committee on Commerce, Science, and Transportation.

THE SAFE HIGHWAYS ACT OF 1998

Mr. FAIRCLOTH.

Mr. President, I rise to introduce the Safe Highways Act.

This bill authorizes $20 million per year over the next five years for enforcement activities to prevent unsafe foreign trucks from rolling across our borders under NAFTA. This bill will fund inspections at our borders to keep these Mexican and Canadian trucks off our roads unless they meet our tough truck safety standards. Our standards are higher than in Mexico and Canada, and, certainly, I do not want these trucks rumbling down our roads and threatening the safety of our families.

Mexican trucks are already permitted to operate in limited areas in the United States and, in fact, they have been doing so for two decades. We can enforce these standards at the border, but it will take training and an increased effort to handle the additional traffic from NAFTA, so we need to step up and put this money aside. These foreign trucks will soon roam more of our roads under NAFTA. We need to be ready. This is literally a matter of life and death for American families who share the road with these trucks.

By Mrs. BOXER (for herself, Mr. BUMPERS, and Mr. DURBIN):

S. 2043. A bill to repeal the limitation on use of appropriations to issue rules with respect to valuation of crude oil for royalty purposes; to the Committee on Energy and Natural Resources.

TAX LEGISLATION

Mrs. BOXER. Mr. President, today Senator DURBIN and Senator BUMPERS join me in introducing legislation to repeal a special-interest rider attached to the emergency supplemental appropriations bill last week. Representatives CAROLYN MALONEY and GEORGE MILLER are introducing companion legislation in the House.

This rider is a taxpayer rip-off. It blocks the Interior Department from

implementing a proposed rule to ensure that oil companies pay a fair royalty for oil drilled on public lands. These royalties are shared between the federal government and the state.

California law requires that all royalty payments be credited directly to the State Schools Fund. So every penny the oil companies fail to pay is stolen directly form our state's classrooms and our children's education.

If allowed to stand, this special interest rider will cost American taxpayers an estimated $5.5 million per month, approximately $25 million by the end of this fiscal year. California's share of this lost revenue could be used to hire new teachers, help rebuild crumbling schools, or put dozens of computers in our classrooms.

When oil companies drill on public lands, they pay a royalty to the federal government, which in turn sends a share of these royalties to the states. The royalty is calculated as a percentage of the value of the oil drilled.

Here is where the problem lies. The oil companies currently understate the value of the oil drilled, and as a result, they underpay their royalties. Now, and after years of study and Congressional prodding, the Department of the Interior has finally decided to do something about it.

The Department of the Interior has billed 12 major oil companies over $260 million for back royalty payments. It will have to sue to collect because the current system is so fraught with ambiguity.

To guarantee taxpayers a fair royalty payment in the future, the Interior Department proposed a simple and common sense solution: pay royalties based on actual market prices, not estimates the oil companies themselves make up. The rule was first proposed 2½ years ago. It has held 14 public workshops and published 5 separate requests for industry comments. And now it has been stopped cold in the dead of night.

This is one of the clearest examples of a special interest taxpayer rip-off I have ever seen. It saves the wealthiest oil companies in the world millions of dollars while shortchanging taxpayers and California schoolchildren. What does this say about our nation's priorities? This action must not stand, and my colleagues and I will fight it to the end.

I ask unanimous consent that the text of the legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2043

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REPEAL OF LIMITATION ON ISSUANCE OF RULES REGARDING VALUATION OF CRUDE OIL FOR ROYALTY PURPOSES.

Section 3009 of the 1998 Supplemental Appropriations and Rescissions Act is repealed.

By Mr. KENNEDY (for himself, Mrs. MURRAY, Mr. LEVIN, Mr. INOUYE, Mr. DODD, and Mr. KERRY):

S. 2044. A bill to assist urban and rural local education agencies in raising the academic achievement of all of their students; to the Committee on Labor and Human Resources.

THE EDUCATIONAL OPPORTUNITY ZONES ACT OF 1998

Mr. KENNEDY. Mr. President, it is an honor to introduce President Clinton's Education Opportunity Zones bill to strengthen urban and rural public schools where the need is greatest. Congress needs to do more to improve teaching and learning for all students across the nation, and that means paying close attention to school districts and children with the greatest needs.

Too many schools now struggle with low expectations for students, high dropout rates, watered-down curricula, unqualified teachers, and inadequate resources. This legislation will lead to the designation of approximately 50 high-poverty urban and rural school districts as "Education Opportunity Zones," and help them to implement the effective reforms needed to turn themselves around.

These school districts will become models of system-wide, standards-based reform for the nation. They must agree to specific benchmarks for improved student achievement, lower dropout rates, and other indicators of success. Schools in these districts will also be eligible for greater flexibility in the use of federal education funds.

Our goal is to increase achievement, raise standards, upgrade teacher skills, and strengthen ties between schools, parents, and the community as a whole. Under this proposal, schools can use effective reform measures such as ending social promotion, increasing accountability, improving teacher recruitment and training, and providing students and parents with school report cards.

We know that this approach can work. Last fall, I visited the Harriet Tubman Elementary School in New York City, where 95 percent of the pupils are from low-income families. Before 1996, it was one of the lowest achieving schools in the city. In September, 1996, the principal, the superintendent, teachers, and parents worked together to reorganize the school. They put extra resources into training teachers to teach reading. They upgraded the curriculum to reflect high standards. They created a parent resource center to increase family and community involvement. These and other reforms worked.

Each day, many parents are at the school too, helping maintain discipline and at the same time expanding their own education.

Each morning, teachers stop their regular classwork and teach reading to their students for 90 minutes. Since 1996, scores on statewide reading exams have risen by 20 percent.

In Boston, under the leadership of Superintendent Tom Payzant, schools are making significant progress by creating new curriculum standards, setting higher achievement standards, and expanding technology through public and private sector partnerships. They are focusing on literacy, after-school programs, and school-to-career opportunities.

These successes are not unusual. Public schools can improve even when facing the toughest odds. We need to do all we can to help such schools get the resources they need, so that they can implement the changes they know will work and help children learn more effectively.

Under the Education Opportunity Zone approach, urban and rural school districts can apply for funds to implement a wide range of reforms. School districts will apply to the Secretary of Education for three-year grants. The Secretary will ensure a fair distribution of grants among geographic regions, and among various sizes of urban and rural schools districts.

In determining the amount of each grant, the Secretary will consider factors such as the scope of activities in the application, the number of students from poor families in the school district, the number of low-performing schools in the district, and the number of low-achieving children in the district.

This legislation proposes funding of $200 million in fiscal year 1999 and $1.5 billion over the next 5 years to support these grants.

I commend President Clinton for developing this worthwhile initiative, and I look forward to its enactment. Investing in students, teachers, and schools is one of the best investments America can make. For schools across the nation, help can't come a minute too soon.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2044

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,

* * * * *

FINDINGS

SEC. 2. The Congress finds as follows:

(1) Students in schools that have high concentrations of poor children begin school academically behind their peers in other schools and are often unable to close the gap

as they progress through school. In later years, these students are less likely than other students to attend a college or university and more likely to experience unemployment.

(2) Many children who attend these high-poverty schools lack access to the challenging curricula, well-prepared teachers, and high expectations that make better achievement possible. More specifically, they are often educated in over-crowded classrooms and by teachers who are assigned to teach in subject areas outside their areas of certification.

(3) Data from the National Assessment of Educational Progress consistently show large gaps between the achievement of students in high-poverty schools and those in other schools. High-poverty schools will face special challenges in preparing their students to reach high standards of performance on national and State assessments, such as voluntary national tests and the assessments States are developing under the Goals 2000 and ESEA, Title I programs.

(4) Recent reports have found that students in urban districts are more likely to attend high-poverty schools; more frequently taught by teachers possessing only an emergency or temporary license; and less likely to score above the basic level on achievement tests than are nonurban students.

(5) High-poverty rural schools, because of their isolation, small size, and low levels of resources, also face particular challenges. For example, teachers in rural districts are nearly twice as likely as other teachers to provide instruction in three or more subjects.

(6) Notwithstanding these general trends, some high-poverty school districts have shown that they can increase student achievement, if they adopt challenging standards for all children, focus on improving curriculum and instruction, expand educational choice among public schools for parents and students, adopt other components of systemic educational reform, and hold schools, staff, and students accountable for results.

(7) Districts that have already established the policies needed to attain widespread student achievement gains, and have attained those gains in some of their schools, can serve as models for other districts desiring to improve the academic achievement of their students. The Federal Government can spur more districts in this direction by providing targeted resources for urban and rural districts willing to carry out solid plans for improving the educational achievement of all their children.

PURPOSE

SEC. 3. The purpose of this Act is to assist urban and rural local educational agencies that: (1) have high concentrations of children from low-income families; (2) have a record of achieving high educational outcomes, in at least some of their schools; (3) are implementing standards-based systemic reform strategies; and (4) are keeping their schools safe and drug-free, to pursue further reforms and raise the academic achievement of all their students.

DEFINITIONS

SEC. 4. As used in this Act, the following terms have the following meanings:

(1) the term "central city" has the meaning given that term by the Office of Management and Budget.

(2) the term "high-poverty local educational agency" means a local educational agency in which the percentage of children, ages 5 through 17, from families with incomes below the poverty level is 20 percent or greater or the number of such children exceeds 10,000.

(3) The term "local educational agency"—

(A) has the meaning given that term in section 14101(18)(A) and (B) of the Elementary and Secondary Education Act of 1965; and

(B) includes elementary and secondary schools operated or supported by the Bureau of Indian Affairs.

(4) the term "metropolitan statistical area" has the meaning given that term by the Office of Management and Budget.

(5) the term "rural locality" means a locality that is not within a metropolitan statistical area and has a population of less than 25,000.

(6) The term "urban locality" means a locality that is—

(A) a central city of a metropolitan statistical area; or

(B) any other locality within a metropolitan statistical area, if that area has a population of at least 400,000 or a population density of at least 6,000 persons per square mile.

ELIGIBILITY

SEC. 5. (a) ELIGIBLE LEAS.—(1) A local educational agency is eligible to receive a grant under this Act if it is—

(A) a high-poverty local educational agency; and

(B) located in, or serves, either an urban locality or a rural locality.

(2) Two or more local educational agencies described in paragraph (1) may apply for, and receive a grant under this Act as a consortium.

(b) DETERMINATION OF ELIGIBILITY.—The Secretary shall determine which local educational agencies meet the eligibility requirements of subsection (a) on the basis of the most recent data that are satisfactory to the Secretary.

APPLICATIONS

SEC. 6. (a) APPLICATIONS REQUIRED.—In order to receive a grant under this Act, an eligible local educational agency shall submit an application to the Secretary at such time, in such form, and containing such information as the Secretary may require.

(b) CONTENTS.—Each application shall include evidence that the local educational agency meets each of the following conditions:

(1) It has begun to raise student achievement, as measured by State assessments under title III of the Goals 2000: Educate America Act, title I of the Elementary and Secondary Education Act of 1965, or comparably rigorous State or local assessments; or it has shown significant progress on other measures of educational performance, including school attendance, high school competition, and school safety. Student achievement evidence shall include data disaggregated to show the achievement of students separately by race and by gender, as well as for students with disabilities, students with limited English proficiency, and students who are economically disadvantaged (compared to students who are not economically disadvantaged), throughout the district or, at a minimum, in schools that have implemented a comprehensive school improvement strategy.

(2) It expects all students to achieve to challenging State or local content standards, it has adopted or is developing or adopting assessments aligned with those standards, and it has implemented or is implementing comprehensive reform policies designed to assist all children to achieve to the standards.

(3) It has entered into a partnership that includes the active involvement of representatives of local organizations and agencies and other members of the community, including parents, and is designed to guide the implementation of the local educational agency's comprehensive reform strategy.

(4) It has put (or is putting) into place effective educational reform policies, including policies that—

(A) hold schools accountable for helping all students, including students with limited English proficiency and students with disabilities, reach high academic standards. The application shall describe how the agency will reward schools that succeed and intervene in schools that fail to make progress;

(B) require all students, including students with disabilities and students with limited English proficiency, to meet academic standards before being promoted to the next grade level at key transition points in their careers or graduating from high school. The application shall describe the local educational agency's strategy for providing students with a rich curriculum tied to high standards, and with well-prepared teachers and class sizes conducive to high student achievement;

(C) identify, during the early stages of their academic careers, students who have difficulty in achieving to high standards, and provide them with more effective educational interventions or additional learning opportunities such as after school programs, so that the students are able to meet the standards at key transition points in their academic careers;

(D) hold teachers, principals, and superintendents accountable for quality, including a description of the local educational agency's strategies for ensuring quality through, among other things—

(i) development of clearly articulated standards for teachers and school administrators, and development, in cooperation with teachers organizations, of procedures for identifying, working with, and, if necessary, quickly but fairly removing teachers and administrators who fail to perform at adequate levels, consistent with State law and locally negotiated agreements;

(ii) implementation of a comprehensive professional development plan for teachers and instructional leaders, such as a plan developed under title II of the Elementary and Secondary Education Act of 1965; and

(iii) encouraging excellent teaching, such as by providing incentives for teachers to obtain certification by the National Board for Professional Teaching Standards; and

(E) provide students and parents with expanded choice within public education.

(5) It is working effectively to keep its schools safe, disciplined, and drug-free.

(c) DESCRIPTION OF PROPOSED PROGRAM.—The application shall also include a description of how the local educational agency will use the grant made available under this Act, including descriptions of—

(1) how the district will use all available resources (Federal, State, local, and private) to carry out its reform strategy;

(2) the specific measures that the applicant proposes to use to provide evidence of future progress in improving student achievement, including the subject areas and grade levels in which it will measure that progress, and an assurance that the applicant will collect such student data in a manner that demonstrates the achievement of students separately by race and by gender, as well as for

students with disabilities, students with limited English proficiency, and students who are economically disadvantaged (compared to students who are not economically disadvantaged); and

(3) how the applicant will continue the activities carried out under the grant after the grant has expired.

SELECTION OF APPLICATIONS

SEC. 7. (a) CRITERIA.—The Secretary shall, using a peer-review process, select applicants to receive funding based on—

(1) evidence that—

(A) the applicant has made progress in improving student achievement or the other measures of educational performance described in section 6(b)(1), in at least some of its schools that enroll concentrations of children from low-income families;

(B) the applicant has put (or is putting) into place effective reform policies as described in section 6(b)(4); and

(C) the applicant is working effectively to keep its schools safe, disciplined, and drug-free; and

(2) the quality of the applicant's plan for carrying out activities under the grant, as set forth in the application.

(b) EQUITABLE DISTRIBUTION.—In approving applications, the Secretary shall seek to ensure that there is an equitable distribution of grants among geographic regions of the country, to varying sizes of urban local educational agencies, and to rural local educational agencies, including rural local educational agencies serving concentrations of Indian children.

PRESIDENTIAL DESIGNATION; TECHNICAL ASSISTANCE

SEC. 8. (a) DESIGNATION AS EDUCATION OPPORTUNITY ZONE.—The President shall designate each local educational agency selected by the Secretary to receive a grant under this Act as an "Education Opportunity Zone".

(b) TECHNICAL ASSISTANCE.—The President may instruct Federal agencies to provide grant recipients with such technical and other assistance as those agencies can make available to enable the grantees to carry out their activities under the program.

AMOUNT AND DURATION OF GRANTS; CONTINUATION AWARDS

SEC. 9. (a) GRANT AMOUNTS.—In determining the amount of a grant, the Secretary shall consider such factors as—

(1) the scope of the activities proposed in the application;

(2) the number of students in the local educational agency who are from low-income families;

(3) the number of low-performing schools in the local educational agency; and

(4) the number of children in the local educational agency who are not reaching State or local standards.

(b) DURATION OF GRANTS.—(1) Each grant shall be for three years, but may be continued for up to two additional years if the Secretary determines that the grantee is achieving agreed-upon measures of progress by the third year of the grant.

(2) The Secretary may increase the amount of a grant in the second year, in order to permit full implementation of grant activities, except that—

(A) the amount of a second-year award shall be no more than 140 percent of the award for the first year;

(B) the amount of a third-year award shall be no more than 80 percent of the second-year award;

(C) the amount of a fourth-year award shall be no more than 70 percent of the second-year award; and

(D) the amount of a fifth-year award shall be no more than 50 percent of the second-year award.

(c) EXPECTED ACHIEVEMENT LEVELS AND CONTINUATION AWARDS.—(1) Before receiving its award, each grantee shall develop and adopt, with the approval of the Secretary, specific, ambitious levels of achievement that exceed typical achievement levels for comparable local educational agencies and that the local educational agency commits to attaining during the period of the grant.

(2) The agreed-upon levels shall—

(A) reflect progress in the areas of—

(i) student academic achievement;

(ii) dropout rates;

(iii) attendance; and

(iv) such other areas as may be proposed by the local educational agency or the Secretary; and

(B) provide for the disaggregation of data separately by race and by gender, as well as for students with disabilities, students with limited English proficiency, and students who are economically disadvantaged students (compared to students who are not economically disadvantaged).

USES OF FUNDS

SEC. 10. (a) IN GENERAL.—Each grantee shall use its award only for activities that support the comprehensive reform efforts described in its application or that are otherwise consistent with the purpose of this Act.

(b) AUTHORIZED ACTIVITIES.—Activities that may be carried out with funds under this Act include—

(1) implementing school-performance-information systems to measure the performance of schools in educating their students to high standards, maintaining a safe school environment, and achieving the anticipated school-attendance and graduation rates;

(2) implementing district accountability systems that reward schools that raise student achievement and provide assistance to, and ultimately result in intervention in, schools that fail to do so, including such intervention strategies as technical assistance on school management and leadership, intensive professional development for school staff, institution of new instructional programs that are based on reliable research, and the reconstitution of the school;

(3) providing students with expanded choice and increased curriculum options within public education, through such means as open-enrollment policies, schools within schools, magnet schools, charter schools, distance-learning programs, and opportunities for secondary school students to take post-secondary courses;

(4) implementing financial incentives for schools to make progress against the goals and benchmarks the district has established for the program;

(5) providing additional learning opportunities, such as after-school, weekend, and summer programs, to students who are failing, or are at risk of failing, to achieve to high standards;

(6) providing ongoing professional development opportunities to teachers, principals, and other school staff that are tailored to the needs of individual schools, and aligned with the State or local academic standards and with the objectives of the program carried out under the grant;

(7) implementing programs, designed in cooperation with teacher organizations, to provide recognition and rewards to teachers who demonstrate outstanding capability at educating students to high standards, including monetary rewards for teachers who earn certification from the National Board for Professional Teaching Standards;

(8) implementing procedures, developed in cooperation with teacher organizations, for identifying ineffective teachers and administrators, providing them with assistance to improve their skills and, if there is inadequate improvement, quickly but fairly removing them from the classroom or school, consistent with State law and locally negotiated agreements;

(9) establishing programs to improve the recruitment and retention of well-prepared teachers, including the use of incentives to encourage well-prepared individuals to teach in areas of the district with high needs;

(10) designing and implementing procedures for selecting and retaining principals who have the ability to provide the school leadership needed to raise student achievement;

(11) strengthening the management of the local educational agency so that all components of management are focused on improving student achievement;

(12) carrying out activities to build stronger partnerships between schools and parents, businesses, and communities; and

(13) assessing activities carried out under the grant, including the extent to which the grant is achieving its objectives.

FLEXIBILITY

SEC. 11. (a) ELIGIBILITY FOR SCHOOLWIDE PROGRAMS UNDER ESEA, TITLE I.—Each school operated by a local educational agency receiving funding under this authority that is selected by the agency to receive funds under section 1113(c) of the Elementary and Secondary Education Act of 1965 shall be considered as meeting the criteria for eligibility to implement a schoolwide program as described in section 1114 of that Act.

(b) CARRYING OUT SCHOOLWIDE PROGRAMS.—All schools in the local educational agency that qualify for eligibility for a schoolwide program based solely on the agency's receiving funding under this Act and that wish to carry out a schoolwide program shall—

(1) develop a plan that satisfies the requirements of section 1114(b)(2) of the Elementary and Secondary Education Act of 1965; and

(2) develop a program that includes the components of a schoolwide program described in section 1114(b)(1) of that Act.

PARTICIPATION OF PRIVATE SCHOOL STUDENTS AND TEACHERS

SEC. 12. (a) REQUIREMENTS.—(1)(A) If a local educational agency uses funds under this Act to provide for training of teachers or administrators, it shall provide for the participation of teachers or administrators from private nonprofit elementary or secondary schools, in proportion to the number of children enrolled in those schools who reside in attendance areas served by the local educational agency's program under this Act.

(B) A local educational agency may choose to comply with subparagraph (A) by providing services to teachers or administrators from private schools at the same time and location it provides those services to teachers and administrators from public schools.

(C) The local educational agency shall carry out subparagraph (A) after timely and meaningful consultation with appropriate private school officials.

(2) If the local educational agency uses funds under this Act to develop curricular materials, it shall make information about those materials available to private schools.

(b) WAIVER.—If, by reason of any provision of law, a local educational agency is prohibited from providing the training for private school teachers or administrators required

by subsection (a)(1)(A), or if the Secretary determines that the agency is unable to do so, the Secretary shall waive the requirement of that subsection and shall use a portion of the agency's grant to arrange for the provision of the training.

EVALUATION

SEC. 13. The Secretary shall carry out an evaluation of the program supported under this Act, which shall address such issues as the extent to which—

(1) student achievement in local educational agencies receiving support increases;

(2) local educational agencies receiving support expand the choices for students and parents within public education; and

(3) local educational agencies receiving support develop and implement systems to hold schools, teachers, and principals accountable for student achievement.

NATIONAL ACTIVITIES

SEC. 14. The Secretary may reserve up to five percent of the amount appropriated under section 15 for any fiscal year for—

(1) peer review activities;

(2) evaluation of the program under section 13 and measurement of its effectiveness in accordance with the Government Performance and Results Act of 1993;

(3) dissemination of research findings, evaluation data, and the experiences of districts implementing comprehensive school reform; and

(4) technical assistance to grantees.

AUTHORIZATION OF APPROPRIATIONS

SEC. 15. For the purpose of carrying out this Act, there are authorized to be appropriated $200 million for fiscal year 1999, and such sums as may be necessary for each of the four succeeding fiscal years.

By Mr. FAIRCLOTH:

S. 2045. A bill to amend title 10, United States Code, to permit certain beneficiaries of the military health care system to enroll in Federal employees health benefits plans, and for other purposes; to the Committee on Armed Services.

THE IMPROVED MILITARY MEDICAL PLAN ACT

Mr. FAIRCLOTH. Mr. President, today I am introducing the Improved Military Medical Plan Act, IMMPACT for short, to ensure that military retirees and their families will continue to be given proper medical care. This past May 1, the Defense Department implemented its new health care program, known as TRICARE, in two more regions of the country, including in North Carolina. As the number of TRICARE enrollees increases and as the Military Health Services System is downsized, military retirees will have an even harder time finding space available at military facilities.

Effectively, those military retirees over 65 are left with no military medical benefit, since they are unlikely to get into military facilities.

Mr. President, this is a far cry from the promise that our government made to these retirees when they put in a full career in uniform risking their lives for our freedom. They were promised medical care for life, and everyone believed that it would be at base medical facilities. It just is not right to renege on that promise after all that these men and women have done for our country.

We can and must do better. IMMPACT will allow Medicare-eligible military retirees, their dependents, and their survivors to participate in the Federal Employees Health Benefits program. It will also provide a very strong incentive for the Department of Defense to ensure that TRICARE is offering active duty personnel and younger retirees and their families a medical benefit equivalent to the federal civilian program.

IMMPACT sets up a three-year demonstration. Ideally, the demonstration would be conducted on a nationwide basis, but I realize that such a broadly geographical demonstration could be difficult to manage. So the bill directs the Administration to have as expansive a demonstration as practicable, as long as at least six sites around the country are selected.

The IMMPACT demonstration is simple. Medicare-eligible retirees of the uniformed services as well as their dependents and survivors at the selected demonstration sites will be able to apply for enrollment in the health care plans of the Federal Employees Health Benefits program. Every year, the Administration will report to Congress on the value of this health care option, how many eligible beneficiaries want to enroll, how much the demonstration is costing, how it compares to other health care options available to the beneficiaries, to name just a few of the metrics.

The IMMPACT demonstration is only open to Medicare-eligible retirees. But, as I mentioned earlier, IMMPACT provides strong incentives for the Department of Defense to make TRICARE as comprehensive as FEHBP. The fine men and women now serving in the Armed Services and those who went before them deserve to be treated at least as well as civilian federal employee and retirees.

This is very important to me. We have all heard of, or even experienced, health care plans where "cost" is a more important factor than "service." Two health care plans could appear equivalent on the surface—their premiums could be about the same, they could have many locations for treatment, etc. But, if one plan is more bureaucratic than another, or it delays payments to doctors, or it is too tight on the definition of what is a "reasonable and customary charge," eventually, the best doctors are going to drop out. In the Federal Employees Health Benefits program, civilian employees and retirees can opt out of a bad plan because they have a choice of many plans. But, in TRICARE, there is no real choice. There are no competitive pressures to keep TRICARE equivalent to the better civilian plans.

IMMPACT will fix that. Within six months after the passage of IMMPACT, the Administration must submit a report to Congress that sets forth a plan to enhance TRICARE, if necessary, so that it is at least as comprehensive as the plans used by civilian federal employees and retirees.

IMMPACT is independent of other demonstration programs. Some may argue that IMMPACT is not needed because we are running a Medicare Subvention demonstration. But, there is no reason why IMMPACT should wait for that program to be completed and evaluated. In fact, I want IMMPACT to be offered to the same retirees that could chose the Medicare Subvention plan. In this manner, we will have some clear market signals about the value of each of these options within the same customer community.

At the end of the IMMPACT demonstration program, the Administration will advise the Congress of the need to extend the eligibility of participation in the Federal Employees Health Benefits program, first nationwide to all Medicare-eligible retirees, and then to all retirees or active duty personnel, if TRICARE proves to be inferior to the civilian health care benefit.

Mr. President, some may complain that this program will increase the Defense Department's cost of delivering medical benefits. Perhaps it will. But, I think our military men and women and their families deserve a better health care program than they are being offered now. Clearly, if we can find the money to fund our extravagances in the arts and entertainment, we can find funding for medical care for those who have been willing to risk their own lives in defense of our liberty and freedom.

Mr. President, I urge my colleagues to support IMMPACT.

By Mr. ASHCROFT:

S. 2046. A bill to ensure that Federal, State and local governments consider all nongovernmental organizations on an equal basis when choosing such organizations to provide assistance under certain government programs, without impairing the religious character of any of the organizations, and without diminishing the religious freedom of beneficiaries of assistance funded under such programs, and for other purposes; to the Committee on Governmental Affairs

THE CHARITABLE CHOICE EXPANSION ACT OF 1998

Mr. ASHCROFT. Mr. President, for years, America's charities and churches have been transforming shattered lives by addressing the deeper needs of people—by instilling hope and values which help change behavior and attitudes. By contrast, government social programs have failed miserably in moving recipients from dependency and despair to responsibility and independence.

Successful faith-based organizations now have a new opportunity to transform the character of our welfare system under the "Charitable Choice" provision contained in the 1996 welfare reform law. Charitable Choice allows—but does not require—states to contract with charitable, religious or private organizations, or to create voucher systems, to deliver welfare services within the states. The provision requires states to consider these organizations on an equal basis with other private groups once a state decides to use nongovernmental organizations.

The Charitable Choice legislation provides specific protections for religious organizations when they provide services. For example, the government cannot discriminate against an organization on the basis of its religious character. A participating faith-based organization retains its independence from government, including control over the definition, development, practice, and expression of its religious beliefs.

Additionally, the government cannot require a religious organization to alter its form of internal governance or remove religious art, icons, or symbols to be eligible to participate. Finally, religious organizations may consider religious beliefs and practices in their employment decisions.

The Charitable Choice legislation also provides specific protections to beneficiaries of assistance. A religious organization can't discriminate against a beneficiary on account of religion. And if a beneficiary objects to receiving services from a religious organization, he or she has a right to an alternate provider.

Finally, there is a limitation on use of government funds. Federal contract dollars cannot be used for sectarian worship, instruction, or proselytization.

I would like to give a couple of examples of how the Charitable Choice provision of the welfare law is currently working.

Last fall, Payne Memorial Outreach Center, the non-profit community development arm of the 100-year-old Payne Memorial African Methodist Episcopal Church, in Baltimore, received a $1.5 million state contract to launch an innovative job training and placement program. In a matter of only five months, over 100 welfare recipients successfully obtained employment through their participation in Payne's program. A brochure from this dynamic faith-based institution describes why Payne is successful: "The Intensive Job Service Program reaches out in love to Baltimore's most disenfranchised, helping them to identify and strengthen their God-given talents—releasing and developing their human possibilities."

Another example of Charitable Choice at work is in Shreveport, Louisiana, where the "Faith and Families" program, under a contract with the state, is running a successful job placement program. Faith and Families offers job-readiness classes in northwestern Louisiana, helps set up job interviews, and opens doors into the workplace.

The program also links welfare families with faith communities. Churches are asked to adopt a family and provide assistance—possibly child care, transportation, work experience, tutoring, and encouragement—that will help them make the transition from welfare to work.

I spoke with the director of Faith and Families in Shreveport just last week, and he told me that his organization has helped 400 people get off welfare and find jobs.

These examples demonstrate that under the Charitable Choice provision of the welfare law, caring, faith-based organizations are providing effective services that help individuals move from dependency to independence, from despair to dignity.

With this in mind, today I am introducing "The Charitable Choice Expansion Act of 1998," which expands the Charitable Choice concept to all federal laws which authorize the government to use non-governmental entities to provide services to beneficiaries with federal dollars.

The substance of the Charitable Choice Expansion Act is virtually identical to that of the original Charitable Choice provision of the welfare reform law. The only real difference between the two provisions is that the new bill covers many more federal programs than the original provision.

While the original Charitable Choice provision applies mainly to the new welfare reform block grant program, the Charitable Choice Expansion Act applies to all federal government programs in which the government is authorized to use nongovernmental organizations to provide federally funded services to beneficiaries. Some of the programs that will be covered include: housing, substance abuse prevention and treatment, juvenile services, seniors services, the Community Development Block Grant, the Community Services Block Grant, the Social Services Block Grant, abstinence education, and child welfare services.

The legislation does not cover elementary and secondary education programs—except it does cover GED programs—or higher education programs. Further, the bill does not affect the Head Start program or the Child Care Development Block Grant program, both of which already contain certain provisions regarding the use of religious organizations in delivering services under those programs.

We have taken measures to strengthen the bill by providing more protections to both beneficiaries and religious organizations. For example, the government must ensure that beneficiaries receive notice of their right under the bill to object to receiving services from a religious organization. Additionally, religious organizations must segregate their own private funds from government funding.

This proposal is necessary because while some areas of the law may not contain discriminatory language towards religious organizations, many government officials may assume wrongly that the Establishment Clause bars religious organizations from participating as private providers.

The Charitable Choice Expansion Act embodies existing case precedents to clarify to government officials and religious organizations alike that it is constitutionally allowable, and even constitutionally required, to consider religious organizations on an equal basis with other private providers. It is my hope that these protections in the law will encourage successful charitable and faith-based organizations to expand their services while assuring them that they will not have to extinguish their religious character when receiving government funds.

I am pleased to say that there is broad-based support for the Charitable Choice Expansion Act. Some of the organizations supporting the concept of this legislation include Agudath Israel, American Center for Law and Justice, Call to Renewal, Center for Public Justice, Christian Coalition, Christian Legal Society, the Coalition on Urban Renewal and Education, National Association of Evangelicals, the National Center for Neighborhood Enterprise, the Salvation Army, Teen Challenge International USA, and World Vision.

America's faith-based charities and nongovernmental organizations, from the Salvation Army to Catholic Charities, have moved people successfully from dependency and despair to the dignity of self-reliance. Government alone will never cure our societal ills. We need to find ways to help unleash the cultural remedy administered so effectively by charitable and religious organizations. Allowing a "charitable choice" will help transform the lives of those in need and unleash an effective response to today's challenges in our culture.

By Mr. KERREY (for himself, Mr. BOND, Mr. DURBIN, Mr. KENNEDY, Mr. DEWINE, and Mr. MOYNIHAN):

S. 2049. A bill to provide for payments to children's hospitals that operate graduate medical education programs; to the Committee on Finance.

THE CHILDREN'S HOSPITALS EDUCATION AND RESEARCH ACT OF 1998

Mr. KERREY. Mr. President, I am pleased to submit this proposal to provide critical support to teaching programs at free-standing children's hospitals. I am also honored to be joined

by Senators BOND, DURBIN, KENNEDY, DEWINE and MOYNIHAN on this bill.

Children's hospitals play an important role in our nation's health care system. They combine high-quality clinical care, a vibrant teaching mission and leading pediatric biomedical research within their walls. They provide specialized regional services, including complex care to chronically ill children, and serve as safety-net providers to low-income children.

Teaching is an everyday component of these hospitals' operations. Pediatric hospitals train one-quarter of the nation's pediatricians, and the majority of America's pediatric specialists. Pediatric residents develop the skills they need to care for our nation's children at these institutions.

In addition, pediatric hospitals combine the joint missions of teaching and research. Scientific discovery depends on the strong academic focus of teaching hospitals. The teaching environment attracts academics devoted to research. It attracts the volume and spectrum of complex cases needed for clinical research. And the teaching mission creates the intellectual environment necessary to test the conventional wisdom of day-to-day health care and foster the questioning that leads to breakthroughs in research. Because these hospitals combine research and teaching in a clinical setting, these breakthroughs can be rapidly translated into patient care.

Children's hospitals have contributed to advances in virtually every aspect of pediatric medicine. Thanks to research efforts at these hospitals, children can survive once-fatal diseases such as polio, grow and thrive with disabilities such as cerebral palsy, and overcome juvenile diabetes to become self-supporting adults.

Through patient care, teaching and research, these hospitals contribute to our communities in many ways. However, their training programs—and their ability to fulfill their critical role in America's health care system—are being gradually undermined by dwindling financial support. Maintaining a vibrant teaching and research program is more expensive than simply providing patient care. The nation's teaching hospitals have historically relied on higher payments—payments above the cost of clinical care itself—in order to finance their teaching programs. Today, competitive market pressures provide little incentive for private payers to contribute towards teaching costs. At the same time, the increased use of managed care plans within the Medicaid program has decreased the availability of teaching dollars through Medicaid. Therefore, Medicare's support for graduate medical education is more important than ever.

Independent children's hospitals, however, serve an extremely small number of Medicare patients. Therefore, they do not receive Medicare graduate medical education payments to support their teaching activities. In 1997, Medicare provided an average of $65,000 per resident to all teaching hospitals, compared to an average of $230 per resident in total Medicare GME payments at independent children's hospitals.

This proposal will address, for the short-term, this unintended consequence of current public policy. It will provide time-limited support to help children's hospitals train tomorrow's pediatricians, investigate new treatments and pursue pediatric biomedical research. It will establish a four-year fund, which will provide children's hospitals with a Federal teaching payment equal to the national average per resident payment through Medicare. Total spending over four years will be less than a billion dollars.

All American families have great dreams for their children. These hopes include healthy, active, happy childhoods, so they seek the best possible health care for their children. And when these dreams are threatened by a critical illness, they seek the expertise of highly-trained pediatricians and pediatric specialists, and rely on the research discoveries fostered by children's hospitals. All families deserve a chance at the American dream. Through this legislation, we will help children's hospitals—hospitals such as Children's Hospital in Omaha, Boys' Town, St. Louis Children's Hospital, Children's Memorial Hospital in Chicago, Children's Hospital in Boston and others—train the doctors and do the research necessary to fulfill this dream. Through this legislation, Congress will be doing its part to help American families work towards a successful future.

Mr. President, this legislation will address a short-term problem—actually a problem that is a short-term solution to a problem that we have with graduate medical education for pediatricians. Pediatric hospitals perform a very important part of the teaching and the training of our pediatricians. But because they see very few Medicare patients, which is obvious, they don't receive Medicare graduate education payments to support their teaching activities. What that means is there is a huge difference in Federal support across teaching hospitals—about $65,000 per resident in Medicare GME payments to all teaching hospitals, compared to an average of $230 per resident in total Medicare GME payments to independent children's hospitals.

It is a very big problem as we increasingly pay attention to the need for good pediatric health care for our children. We have to make sure that we solve this problem. This is a short-term solution.

I mentioned the short-term solution. The Presidential Commission on Medicare will be making its recommendation next year. One of its responsibilities is to deal with the question of graduate medical education—coming up with a solution of how we can fund it in an environment where more and more health care is going into managed care. That will be an especially difficult problem for us to solve.

But inside of that overall problem is an even more compelling problem, as I think Members will see when they look at the differential in reimbursement for teaching costs in pediatric hospitals versus all residents nationwide.

Thank you, Mr. President. I ask that the complete text of this legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2049

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Children's Hospitals Education and Research Act of 1998".

SEC. 2. PROGRAM OF PAYMENTS TO CHILDREN'S HOSPITALS THAT OPERATE GRADUATE MEDICAL EDUCATION PROGRAMS.

(a) PAYMENTS.—

(1) IN GENERAL.—The Secretary shall make payment under this section to each children's hospital for each hospital cost reporting period beginning after fiscal year 1998 and before fiscal year 2003 for the direct and indirect expenses associated with operating approved medical residency training programs.

(2) CAPPED AMOUNT.—The payment to children's hospitals established in this subsection for cost reporting periods ending in a fiscal year is limited to the extent of funds appropriated under subsection (d) for that fiscal year.

(3) PRO RATA REDUCTIONS.—If the Secretary determines that the amount of funds appropriated under subsection (d) for cost reporting periods ending in a fiscal year is insufficient to provide the total amount of payments otherwise due for such periods, the Secretary shall reduce the amount payable under this section for such period on a pro rata basis to reflect such shortfall.

(b) AMOUNT OF PAYMENT.—

(1) IN GENERAL.—The amount payable under this section to a children's hospital for direct and indirect expenses relating to approved medical residency training programs for a cost reporting period is equal to the sum of—

(A) the product of—

(i) the per resident rate for direct medical education, as determined under paragraph (2), for the cost reporting period; and

(ii) the weighted average number of full-time equivalent residents in the hospital's approved medical residency training programs (as determined under section 1886(h)(4) of the Social Security Act) for the cost reporting period; and

(B) the product of—

(i) the per resident rate for indirect medical education, as determined under paragraph (3), for the cost reporting period; and

(ii) the number of full-time equivalent residents in the hospital's approved medical residency training programs for the cost reporting period.

(2) PER RESIDENT RATE FOR DIRECT MEDICAL EDUCATION.—

(A) IN GENERAL.—The per resident rate for direct medical education for a hospital for a cost reporting period ending in or after fiscal year 1999 is the updated rate determined under subparagraph (B), as adjusted for the hospital under subparagraph (C).

(B) COMPUTATION OF UPDATED RATE.—The Secretary shall—

(i) compute a base national DME average per resident rate equal to the average of the per resident rates computed under section 1886(h)(2) of the Social Security Act for cost reporting periods ending during fiscal year 1998; and

(ii) update such rate by the applicable percentage increase determined under section 1886(b)(3)(B)(i) of such Act for the fiscal year involved.

(C) ADJUSTMENT FOR VARIATIONS IN LABOR-RELATED COSTS.—The Secretary shall adjust for each hospital the portion of such updated rate that is related to labor and labor-related costs to account for variations in wage costs in the geographic area in which the hospital is located using the factor determined under section 1886(d)(3)(E) of the Social Security Act.

(3) PER RESIDENT RATE FOR INDIRECT MEDICAL EDUCATION.—

(A) IN GENERAL.—The per resident rate for indirect medical education for a hospital for a cost reporting period ending in or after fiscal year 1999 is the updated amount determined under subparagraph (B).

(B) COMPUTATION OF UPDATED AMOUNT.—The Secretary shall—

(i) determine, for each hospital with a graduate medical education program which is paid under section 1886(d) of the Social Security Act, the amount paid to that hospital pursuant to section 1886(d)(5)(B) of such Act for the equivalent of a full twelve-month cost reporting period ending during the preceding fiscal year and divide such amount by the number of full-time equivalent residents participating in its approved residency programs and used to calculate the amount of payment under such section in that cost reporting period;

(ii) take the sum of the amounts determined under clause (i) for all the hospitals described in such clause and divide that sum by the number of hospitals so described; and

(iii) update the amount computed under clause (ii) for a hospital by the applicable percentage increase determined under section 1886(b)(3)(B)(i) of such Act for the fiscal year involved.

(c) MAKING OF PAYMENTS.—

(1) INTERIM PAYMENTS.—The Secretary shall estimate, before the beginning of each cost reporting period for a hospital for which a payment may be made under this section, the amount of payment to be made under this section to the hospital for such period and shall make payment of such amount, in 26 equal interim installments during such period.

(2) FINAL PAYMENT.—At the end of each such period, the hospital shall submit to the Secretary such information as the Secretary determines to be necessary to determine the final payment amount due under this section for the hospital for the period. Based on such determination, the Secretary shall recoup any overpayments made, or pay any balance due. The final amount so determined shall be considered a final intermediary determination for purposes of applying section 1878 of the Social Security Act and shall be subject to review under that section in the same manner as the amount of payment under section 1886(d) is subject to review under such section.

(d) LIMITATION ON EXPENDITURES.—

(1) IN GENERAL.—Subject to paragraph (2), there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, for payments under this section for cost reporting periods beginning in—

(A) fiscal year 1999 $100,000,000;

(B) fiscal year 2000, $285,000,000;

(C) fiscal year 2001, $285,000,000; and

(D) fiscal year 2002, $285,000,000.

(2) CARRYOVER OF EXCESS.—If the amount of payments under this section for cost reporting periods ending in fiscal year 1999, 2000, or 2001 is less than the amount provided under this subsection for such payments for such periods, then the amount available under this subsection for cost reporting periods ending in the following fiscal year shall be increased by the amount of such difference.

(e) RELATION TO MEDICARE AND MEDICAID PAYMENTS.—Notwithstanding any other provision of law, payments under this section to a hospital for a cost reporting period—

(1) are in lieu of any amounts otherwise payable to the hospital under section 1886(h) or 1886(d)(5)(B) of the Social Security Act to the hospital for such cost reporting period, but

(2) shall not affect the amounts otherwise payable to such hospitals under a State medicaid plan under title XIX of such Act.

(f) DEFINITIONS.—In this section:

(1) APPROVED MEDICAL RESIDENCY TRAINING PROGRAM.—The term "approved medical residency training program" has the meaning given such term in section 1886(h)(5)(A) of the Social Security Act (42 U.S.C. 1395ww(h)(5)(A)).

(2) CHILDREN'S HOSPITAL.—The term "children's hospital" means a hospital described in section 1886(d)(1)(B)(iii) of the Social Security Act (42 U.S.C. 1395ww(d)(1)(B)(iii)).

(3) DIRECT GRADUATE MEDICAL EDUCATION COSTS.—The term "direct graduate medical education costs" has the meaning given such term in section 1886(h)(5)(C) of the Social Security Act (42 U.S.C. 1395ww(h)(5)(C)).

(4) SECRETARY.—The term "Secretary" means the Secretary of Health and Human Services.

Mr. BOND. Mr. President, I am pleased to rise today as an original cosponsor with Senator BOB KERREY of the "Children's Hospitals Education and Research Act of 1998." This bill seeks to address an unintended inequity in federal support for graduate medical education. If not addressed, this inequity will jeopardize the future of the pediatric health care work force as well as the pediatric biomedical research enterprise for our nation's children.

Specifically, this bill will provide capped, time-limited, interim commensurate federal funding for the nearly 60 independent children's teaching hospitals, including the children's hospitals in Kansas City and St. Louis, which are so important to the training of the nation's physicians who serve children. They are equally important to the conduct of research to benefit children's health and health care.

Let me illustrate the magnitude of the inequity in federal investment in graduate medical attention (GME). In 1977, the federal Medicare program reimbursed teaching hospitals, on average, more than $76,000 for each resident trained. In contrast, Medicare reimbursed independent children's teaching hospitals—children's hospitals that do not share a Medicare provider number with a larger medical institution—less than $400 per resident, because children's hospitals care for children, not the elderly, and therefore do not serve Medicare patients, except for a small number of children with end stage renal disease.

Until recently, this inequity was not a problem as long as all payers of health care were willing to reimburse teaching hospitals enough for their patient care to cover the extra costs of GME. As the health care market has become increasingly competitive, it has become harder and harder for all teaching hospitals to generate patient care revenues to help cover their GME costs. But only independent children's teaching hospitals face these competitive pressures without the significant federal GME support, which the rest of the teaching hospital community relies upon.

This is more than a problem for the financial well-being of the education programs of a small number of children's hospitals—less than one percent of the nation's hospitals. It is a problem for our entire pediatric workforce and pediatric research enterprise, because these institutions play such a disproportionately large role in academic medicine for children. On average, their education programs are equal in size to the GME programs of all teaching hospitals, but they train twice as many residents per bed as do other teaching hospitals.

As a consequence, independent children's teaching hospitals train about 5 percent of all physicians, 25 percent of all pediatricians, and the majority of many pediatric subspecialists who care for children with the most complex conditions, such as children with cancer, cystic fibrosis, cerebral palsy, and more.

Recommendations to address the inequity in federal GME support for children's teaching hospitals are supported by the National Association of Children's Hospitals as well as the American Academy of Pediatrics and the Association of Medical School Pediatric Department Chairs. Last month, the American Academy of Pediatrics wrote to President Clinton, to express support for the establishment of interim federal support for the GME program of freestanding, independent children's hospitals. The AAP said, "(w)e regard the education programs of independent children's hospitals as important to our pediatric workforce and therefore to the future health of all children, because they educate an important proportion of the nation's pediatricians."

Last year, many members of the Senate, including myself, recommended

that any comprehensive reform of graduate medical education financing should include commensurate federal GME support for children's teaching hospitals. Instead of enacting GME reform, Congress directed the Bipartisan Commission on the Future of Medicare and the Medicare Payment Assessment Commission to prepare recommendations for the future of GME financing, including for children's teaching hospitals.

Since it will be at least another year before Congress receives those recommendations and potentially several years before Congress is able to act on them, the "Children's Hospitals Education and Research Act" will provide interim funding for just four years. It will be commensurate to federal GME support for all teaching hospitals. Specifically, the bill provides, in a capped fund, $100 million in FY 1999 and $285 million in each of the three succeeding fiscal years, for eligible institutions. It will be financed by general revenues, not Medicare HI Trust Funds.

I know what a critical role children's hospitals play in the ability of families and communities to care for all children, including children with the most complex conditions and children on families with the most limited economic means. Through their education and research programs, they are also devoted to serving future generations of children, too. Certainly, the children of Missouri as well as Kansas and Southern Illinois, depend vitally on the services and research of independent children's teaching hospitals such as Children's Mercy in Kansas City, St. Louis Children's Hospital, and Cardinal Glennon Children's Hospital, and the care givers they educate.

Children's hospitals are places of daily miracles. Healing that we would never have thought possible a few years ago for children who are burn victims, or trauma victims, or even cancer victims now occurs daily at these hospitals. And while I am sure divine intervention plays a role in this healing, it is also due to the very hard work of skilled doctors, nurses, and dedicated staff that is second to none. We must therefore ensure that these facilities have the resources to continue their noble mission of saving children from the clutches of death and disease.

I know trustees, and medical and executive leaders of these institutions. All are committed to controlling the cost of children's health to the best of their ability. But their future ability to sustain their education and research programs will also depend on commensurate federal GME support for them. I urge my colleagues to join me in supporting the enactment of the "Children's Hospital Education and Research Act."

Mr. KENNEDY. Mr. President, I am honored to join my colleagues Senator KERREY, Senator BOND, Senator DURBIN, and Senator DEWINE in sponsoring this legislation to assure adequate funding for resident training in independent children's teaching hospitals.

These hospitals, such as Children's Hospital in Boston, have 60 pediatric training programs. They represent less than 1 percent of the training programs across the country, yet these hospitals train 5 percent of all physicians, 25 percent of all pediatricians, and the majority of many pediatric subspecialist.

Too often today, these hospitals are hard-pressed for financial support. Medicare is the principal source of federal funds that contributes to the costs of graduate medical education for most hospitals, but independent children's hospitals have few Medicare patients, since Medicare coverage for children applies only to end-stage kidney disease. Medicaid support is declining, as the program moves more and more toward managed care.

No hospital in the current competitive marketplace can afford to shift these costs to other payers. As a result, many children's hospitals find it very difficult to make ends meet.

In 1997, all teaching hospitals relieved a $76,000 in Medicare graduate medical education support for each medical resident they trained, but the average independent children's teaching hospital received only $400.

Last year, Children's Hospital in Boston lost over $30 million on its patient operations. Two-thirds of this loss was directly attributable to the direct costs of graduate medical education. With limited resources and increasing pressure to reduce patient costs, such losses cannot continue.

The academic mission of these hospitals is vital. Since its founding as a 20-bed hospital in 1869, Children's Hospital in Boston has become the largest pediatric medical center and research facility in the United States, and an international leader in children's health. It is also the primary teaching hospital for pediatrics for Harvard Medical School. For eight years in a row, it has been named the best pediatric hospital in the country in a nationwide physicians' survey conducted by U.S. News and World Report.

Clinicians and investigators work together at the hospital in an environment that fosters new discoveries in research and new treatments for patients. Scientific breakthroughs are rapidly translated into better patient care and enhanced medical education. We must assure that market pressures to not interfere with these advances.

Independent children's hospitals deserve the same strong support that other hospitals receive for graduate medical education. The current lack of federal support is jeopardizing the indispensable work of these institutions and jeopardizing the next generation of leaders in pediatrics.

Congress needed to do all it can to correct this inequity. This legislation we are introducing will provide stopgap support, stabilize the situation while we develop a fair long-run solution to meet the overall needs of all aspects of graduate medical education. I look forward to early action by the Senate on this important measure.

Mr. MOYNIHAN. Mr. President, I am pleased to join Senators BOB KERREY, BOND, KENNEDY, DURBIN and DEWINE in introducing the "Children's Hospital Education and Research Act of 1998." This legislation recognizes the value of supporting medical training. it establishes an interim source of funding for financing residency training expenses for free-standing children's hospitals until a permanent source of funding for all medical education is developed.

Medical education is one of America's most precious public resources. It is a public good—a good from which everyone benefits, but for which no one is willing to pay. As a public good, explicit and dedicated funding for residency training programs must be secured so that the United States will continue to lead the world in the quality of its health care system. This legislation provides for such dedicated funding for residency training programs in children's hospitals.

I have introduced legislation—S. 21—which creates a medical education trust fund to support all accredited medical schools and teaching hospitals. Additionally, I requested that specific language be inserted in the Balanced Budget Act of 1997 charging the National Bipartisan Commission on the Future of Medicare to:

> . . . make recommendations regarding the financing of graduate medical education (GME), including consideration of alternative broad-based sources of funding for such education and funding for institutions not currently eligible for such GME support that conduct approved graduate medical residency programs, such as children's hospitals.

Children's hospitals have a vitally important mission providing patient care, medical training and research in the face of an increasingly competitive health system. I am pleased to support Senator KERREY'S bill and look forward to working with him and other members of the National Bipartisan Commission on the Future of Medicare as we seek stable and sufficient funding for medical education.

By Mrs. FEINSTEIN:

S. 2050. A bill to amend title 10, United States Code, to prohibit members of the Armed Forces from entering into correctional facilities to present decorations to persons who commit certain crimes before being presented such decorations; to the Committee on Armed Services.

THE MILITARY HONORS PRESERVATION ACT

Mrs. FEINSTEIN. Mr. President, I rise today to introduce the Military Honors Preservation Act of 1998 which will ensure that those who have served this nation with distinction will not see their service medals devalued by the crimes of others.

This bill simply states that a member of the United States armed forces may not enter a federal, state, or local penitentiary for the purpose of presenting a medal to a person incarcerated for committing a serious violent felony. My hope is that this bill will be seen as it is intended: an attempt to secure the well deserved sense of honor of those who have served in our nation's armed forces. Service to our nation and the opportunity to receive recognition for that service is a duty and a privilege not to be taken lightly.

I decided that this legislation was necessary when I heard of the unbearable pain suffered by the family of Leah Schendel, a 78-year old woman who was attacked in her Sacramento, California home just before Christmas in 1980. Mrs. Schendel was brutally beaten and sexually assaulted. This vicious attack caused a massive heart attack that killed her. The man who perpetrated this horrific crime, Manuel Babbitt, was convicted and sentenced to die—he is currently sitting on death row in San Quentin Prison.

This past March, the suffering of Mrs. Schendel's family was renewed when they learned that the man who had so viciously brutalized their loved one was being honored by the United States Marine Corps, in San Quentin! In a ceremony at the prison, Mr. Babbitt was awarded a Purple Heart for injuries he suffered during the Vietnam War. For Mrs. Schendel's family, this medal ceremony was a slap in the face. It said to them that the government was more concerned with honoring a convicted criminal than respecting the feelings of his victims.

I believe that there is no higher calling for an American than to serve our nation. I have worked hard to make sure that California veterans, who have been overlooked or fallen through the cracks of the system, get the recognition and benefits they deserve. However, I believe that someone who, in his or her post-service life, shows such a blatant disregard for the laws of this nation and makes a mockery of the high standards of the United States military should not be accorded recognition.

Just like the right to vote, or the right to a military burial in Arlington Cemetery, I believe anyone who has committed a heinous crime forfeits the right to be honored by the American people. Please join me in supporting this bill for the sake of Leah Schendel, and for every American veteran who should rightly feel that they are a hero.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2050

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PROHIBITION ON ENTRY INTO CORRECTIONAL FACILITIES FOR PRESENTATION OF DECORATIONS TO PERSONS WHO COMMIT CERTAIN CRIMES BEFORE PRESENTATION.

(a) PROHIBITION.—Chapter 57 of title 10, United States Code, is amended by adding at the end the following:

"§ 1132. Presentation of decorations: prohibition on entering into correctional facilities for certain presentations

"(a) PROHIBITION.—No member of the armed forces may enter into a Federal, State, or local correctional facility for purposes of presenting a decoration to a person who has been convicted of a serious violent felony.

"(b) DEFINITIONS.—In this section:

"(1) The term 'decoration' means any decoration or award that may be presented or awarded to a member of the armed forces.

"(2) The term 'serious violent felony' has the meaning given that term in section 3359(c)(2)(F) of title 18.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of that chapter is amended by adding at the end the following:

"1132. Presentation of decorations: prohibition on entering into correctional facilities for certain presentations.".

By Mr. WARNER.

S. 2051. A bill to establish a task force to assess activities in previous base closure rounds and to recommend improvements and alternatives to additional base closure rounds; to the Committee on Armed Services.

BASE CLOSURE TASK FORCE LEGISLATION

Mr. WARNER. Mr. President, during this past week, I and my colleagues have been working in committee on the defense authorization bill for the upcoming fiscal year. We have debated a host of issues of significant import to the national security of this great nation, among them the future of the BRAC process.

Mr. President, a decade ago, I worked with my good friend from Georgia, Senator Sam Nunn, to formulate legislation that would guide this nation through the base closure process. We understood then that this would be a difficult and, for many communities across this country, a painful process.

In this decade, each of us in this chamber has come to know how communities in our states had come to rely on the military as the mainstay of their economic livelihood. For many communities, a base closure would impart significant economic impact. In some communities a positive result, in others a negative impact. No two communities are the same. The challenge to these communities after a base closure was then to reorient their goals and to plan for continued growth and well-being, or plain survival.

I learned a great deal from Senator Nunn during our discussions on planning for base closures. He is a man of great intellect and keen foresight and fully understood the possibility that this process could become politicized. Under our leadership, the committee went to great lengths to legislate the appropriate direction, responsibilities and necessary safeguards that might preclude either the executive or legislative branch from manipulating the process for political gain, rather than the collective gain of the national security of this country.

The BRAC rounds in 1991 and 1993 were basically free from challenge, but 1995 was a different story—one with which we are all familiar. Like many of you, I was truly disappointed that we have come so far with such a degree of success only to have the process, under such a dark cloud, break down with confidence lost.

So, it is under this cloud that we attempt to continue a discussion on the necessity of future base closures. The citizens of the Commonwealth and my colleagues in this chamber, know my position on this. Like Secretary Cohen and other experts on national security policy, I believe we still have work to do to reduce base infrastructure if we are to continue to meet the rising costs of national security challenges of the coming millennium, particularly modernization.

The shadow cast on the process continues to grow—seemingly unabated by our remarks, and probably the counsel of Secretary Cohen. I am severely distressed by a recent Defense Department memo which, once again, puts in question the BRAC process.

To get this process back on track, I am proposing legislation today to form a task force to revise these issues. This task force will be composed of experts chosen by both the majority and minority from both chambers in bipartisan spirit. The charter of the task force will be to investigate and report to the Congress by March of next year how we might efficiently achieve, without manipulation, the continued reduction in military infrastructure.

I believe it is important that we assure the American people that a future base closure can be maintained in the spirit in which I and Senator Nunn and our colleagues on the committee has originally intended those few years ago. I invite members to join me on this legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2051

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TASK FORCE ON BASE CLOSURE REFORM.

(a) ESTABLISHMENT.—There is hereby established a commission to be known as the "Task Force on Base Closure Reform" (in this Act referred to as the "Task Force").

(b) PURPOSE.—The purpose of the Task Force is to review the base closure process (including the recommendation and approval of installations for closure and the closure of installations) under the 1990 base closure law in order to recommend improvements, and potential alternatives, to the base closure process under that law.

SEC. 2. MEMBERSHIP.

(a) MEMBERSHIP.—(1) The Task Force shall be composed of 10 members, appointed from among individuals described in paragraph (2) as follows:

(A) Three members shall be appointed by the Majority Leader of the Senate.

(B) Two members shall be appointed by the Minority Leader of the Senate.

(C) Three members shall be appointed by the Speaker of the House of Representatives.

(D) Two members shall be appointed by the Minority Leader of the House of Representatives.

(2) Members of the Task Force shall be appointed from among retired members of the Armed Forces, or other private United States citizens, who have one or more of the following qualifications:

(A) Past membership on a commission established under the 1990 base closure law or under title II of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100–526; 10 U.S.C. 2687 note).

(B) Past service on the staff of a commission referred to in subparagraph (A).

(C) Experience with military force structure planning and strategic planning.

(D) Financial management experience.

(E) Past membership in the legislative branch or service on the staff of the legislative branch.

(b) APPOINTMENT.—(1) All members of the Task Force shall be appointed not later than 45 days after the date of enactment of this Act.

(2)(A) Members of the Task Force shall be appointed for the life of the Task Force.

(B) A vacancy in the membership of the Task Force shall not affect the powers of the Task Force, but shall be filled in the same manner as the original appointment.

(c) CHAIRMAN.—The members of the Task Force shall choose one of the members to serve as chairman of the Task Force.

SEC. 3. DUTIES.

(a) IN GENERAL.—The Task Force shall—

(1) carry out a review of the base closure process under the 1990 base closure law in accordance with subsection (b);

(2) carry out an assessment of the impact of the number of base closure rounds on the base closure process under that law in accordance with subsection (c);

(3) carry out a comparative analysis of various means of disposing of excess or surplus property in accordance with subsection (d); and

(4) make recommendations in accordance with subsection (e).

(b) REVIEW.—In carrying out a review of the base closure process under subsection (a)(1), the Task Force shall—

(1) review the activities, after action reports, and recommendations of each commission established under the 1990 base closure law in the 1991, 1993, and 1995 base closure rounds under that law;

(2) review the activities and after action reports of the Department of Defense and the military departments with respect to each such base closure round under that law, which shall include an assessment of the compliance of the military departments with the provisions of that law in each such round; and

(3) assess the effectiveness of the provisions of that law in providing guidance to each such commission, the Department of Defense, and the military departments with respect to subsequent closures of military installations.

(c) ASSESSMENT.—In carrying out an assessment of the impact of the number of base closure rounds on the base closure process under subsection (a)(2), the Task Force shall—

(1) review the activities of the Department of Defense and the military departments in preparing for and carrying out the closure of installations approved for closure in each base closure round under the 1990 base closure law, including—

(A) the capacity of the Department of Defense and the military departments to process the data required to make recommendations with respect to the closure of installations in each such round; and

(B) the effectiveness of the activities undertaken by the Department of Defense and the military departments to dispose of property and equipment at such installations upon approval of closure; and

(2) assess the impact of the number of installations recommended for closure in each such round on—

(A) the accuracy of data provided by the Secretary of Defense to the commission established under that law in such round;

(B) the capacity of such commission to process such data; and

(C) the ability of such commission to consider fully the concerns of the communities likely to be effected by the closure of the installations recommended for closure.

(d) COMPARATIVE ANALYSIS.—In carrying out a comparative analysis under subsection (a)(3), the Task Force shall—

(1) compare the law and experience of the United States in disposing of surplus and excess property with the law and experience of similar nations in disposing of such property; and

(2) compare the law (including any regulations, policies, and directives) of the United States relating to the closure of military installations with the law of similar nations relating to the closure of such installations.

(e) RECOMMENDATIONS.—In making recommendations under subsection (a)(4), the Task Force shall—

(1) recommend such modifications to the 1990 base closure law as the Task Force considers appropriate in light of its activities under this section;

(2) compare the merits of requiring one additional round of base closures under that law with the merits of requiring more than one additional round of base closures under that law; and

(3) recommend any alternative methods of eliminating excess capacity in the military installations inside the United States that the Task Force considers appropriate in light of its activities under this section.

SEC. 4. REPORT.

(a) REPORT.—Not later than March 15, 1999, the Task Force shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report on its activities under this Act.

(b) ELEMENTS.—The report shall include the results of the activities of the Task Force under section 3, including the recommendations required by subsection (e) of that section.

SEC. 5. TASK FORCE MATTERS.

(a) MEETINGS.—(1) The Task Force shall hold its first meeting not later than 30 days after the date on which all members have been appointed.

(2) The Task Force shall meet upon the call of the chairman.

(3) A majority of the members of the Task Force shall constitute a quorum, but a lesser number may hold meetings.

(b) AUTHORITY OF INDIVIDUALS TO ACT FOR TASK FORCE.—Any member or agent of the Task Force may, if authorized by the Task Force, take any action which the Task Force is authorized to take under this section.

(c) HEARINGS.—The Task Force may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Task Force considers advisable to carry out its duties.

(d) AVAILABILITY OF GOVERNMENT INFORMATION.—The Task Force may secure directly from the Department of Defense and any other department or agency of the Federal Government such information as the Task Force considers necessary to carry out its duties. Upon the request of the chairman of the Task Force, the head of a department or agency shall furnish the requested information expeditiously to the Task Force.

(e) POSTAL SERVICES.—The Task Force may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

SEC. 6. TASK FORCE PERSONNEL MATTERS.

(a) PAY AND EXPENSES OF MEMBERS.—(1) Each member of the Task Force who is not an employee of the Government shall be paid at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which such member is engaged in performing the duties of the Task Force.

(2) Members and personnel of the Task Force may travel on aircraft, vehicles, or other conveyances of the Armed Forces when travel is necessary in the performance of a duty of the Task Force except when the cost of commercial transportation is less expensive.

(3) The members of the Task Force may be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Task Force.

(4)(A) A member of the Task Force who is an annuitant otherwise covered by section 8344 or 8468 of title 5, United States Code, shall not by reason of membership on the Task Force be subject to the provisions of such section with respect to such Task Force.

(B) A member of the Task Force who is a member or former member of a uniformed service shall not be subject to the provisions of subsections (b) and (c) of section 5532 of such title with respect to membership on the Task Force.

(b) STAFF AND ADMINISTRATIVE SUPPORT.—(1) The chairman of the Task Force may, without regard to civil service laws and regulations, appoint and terminate an executive director and up to three additional staff members as necessary to enable the Task Force to perform its duties. The chairman of

the Task Force may fix the compensation of the executive director and other personnel without regard to the provisions of chapter 51, and subchapter III of chapter 53, of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay may not exceed the maximum rate of pay for grade GS–15 under the General Schedule.

(2) Upon the request of the chairman of the Task Force, the head of any department or agency of the Federal Government may detail, without reimbursement, any personnel of the department or agency to the Task Force to assist in carrying out its duties. A detail of an employee shall be without interruption or loss of civil service status or privilege.

SEC. 7. SUPPORT OF TASK FORCE.

(a) TEMPORARY SERVICES.—The chairman of the Task Force may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of such title.

(b) DEPARTMENT OF DEFENSE SUPPORT.—The Secretary of Defense shall furnish to the Task Force such administrative and support services as may be requested by the chairman of the Task Force.

SEC. 8. TERMINATION.

The Task Force shall terminate 30 days after the date on which it submits the report required by section 4.

SEC. 9. FUNDING.

Upon the request of the chairman of the Task Force, the Secretary of Defense shall make available to the Task Force, out of funds appropriated for the Department of Defense, such amounts as the Task Force may require to carry out its duties.

SEC. 10. DEFINITION.

In this Act, the term "1990 base closure law" means the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note).

By Mr. WARNER:

S. 2053. A bill to require the Secretary of Treasury to redesign the $1 bill so as to incorporate the preamble to the Constitution of the United States, the Bill of Rights, and a list of Articles of the Constitution on the reverse side of such currency; to the Committee on Banking, Housing, and Urban Affairs.

LIBERTY DOLLAR BILL ACT

Mr. WARNER. Mr. President, I rise today to introduce the Liberty Dollar Bill Act.

Recently, the eighth grade students of Liberty Middle School in Ashland, Virginia came up with an idea. The measure I introduce today simply implements their vision. This bill directs the Treasury to place on the back of the one dollar bill the actual language from the Constitution of the United States.

Our founding fathers met in 1787, to write what would become the model for all modern democracies—the Constitution.

Our Constitution is a beacon of light for the world. Shouldn't all people be able to hold up our one dollar bill as a symbol of there freedom of modern democracy worldwide.

Washington, Madison, Franklin, Hamilton and many other great Americans met for four months in 1787 to ignite history's greatest light of government.

They argued, fought, and compromised to create a lasting democracy, built on a philosophy found in the preamble of the constitution. And they protected this philosophy and these ideals by creating three branches of government and divisions of power between the federal and state governments found in the articles and the amendments of the Constitution.

Three of the men mentioned are on our United States currency, but not the document they put their lives into—not the document they then asked Americans to ratify.

While our currency celebrates the men who first wrote the constitution, it doesn't celebrate their most noble achievement, the living document that has been so ably protected while it continues to evolve with each new generation.

Shouldn't this greatest of American achievements be in the hands of all Americans?

All Presidents, likewise all public officers, swear to "preserve, protect and defend" the constitution.

No country can survive if it looses its philosophical moorings. The freedoms and liberties we enjoy give substance, value and meaning to the laws by which we live. Our Nation's philosophy can be taken for granted in the daily business of lawmaking. Yet we can hear in John F. Kennedy's inaugural address that we do not defend America's laws, we defend its philosophy—a philosophy embodied in the Constitution.

Seventy-five percent of Americans say that "The Constitution is important to them, makes them proud, and is relevant to their lives."

So important is this document that we built the Archives in Washington to house and safeguard it. Hundreds of thousands go there each year to see it. However, ninety-four percent of Americans don't even know all of the rights and freedoms found in the First Amendment.

Sixty-two percent of Americans can't name our three branches of government.

Six hundred thousand legal immigrants come to America each year. Often their first sight of America is the Statute of Liberty, holding high her torch, symbolizing our light and our freedom. Many of these immigrants become American citizens by the naturalization process and learn more about the Constitution than many natural born citizens

If America's most patriotic symbol—the Constitution—were on the back of the one dollar bill, wouldn't we all know more about our Government? And shouldn't we?

Shouldn't it be where all Americans can readily read it. Shouldn't the Constitution be on the back of the one dollar bill?

Today, I am proud to join my colleague in the House, Chairman TOM BLILEY, and introduce the companion legislation in the Senate. The Liberty Dollar Bill Act directs the Secretary of the Treasury to incorporate the preamble to the Constitution of the United States, the Bill of Rights, and a list of the Articles of the Constitution on the reverse side of the one dollar bill.

Mr. President, I agree with the students of Liberty Middle School. The Constitution belongs to the people. It should be in their hands.

I want to commend the eighth grade students of Liberty Middle School and their teacher, Mr. Randy Wright for their contribution to our Nation. I hope all my colleagues in the Senate will see the wisdom of these students and join me as a cosponsor of this legislation. Let the nation hear that the younger generation can provide ideas that become the laws of our land.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2053

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Liberty Dollar Bill Act".

SEC. 2. FINDINGS.

The Congress finds as follows:

(1) Many Americans are unaware of the provisions of the Constitution of the United States, one of the most remarkable and important documents in world history.

(2) A version of this important document, consisting of the preamble, a list of the Articles, and the Bill of Rights, could easily be placed on the reverse side of the $1 Federal reserve note.

(3) The placement of this version of the Constitution on the $1 Federal reserve note, a unit of currency used daily by virtually all Americans, would serve to remind people of the historical importance of the Constitution and its impact on their lives today.

(4) Americans would be reminded by the preamble of the blessings of liberty, by the Articles, of the framework of the Government, and by the Bill of Rights, of some of the historical changes to the document that forms the very core of the American experience.

SEC. 3. REDESIGN OF REVERSE SIDE OF THE $1 BILL.

(a) IN GENERAL.—Section 5114 of title 31, United States Code, is amended by adding at the end the following new subsection:

"(d) LIBERTY DOLLAR BILLS.—

"(1) IN GENERAL.—In addition to the requirements of subsection (b) (relating to the inclusion of the inscription 'In God We Trust' on all United States currency) and the eighth undesignated paragraph of section 16

of the Federal Reserve Act, the design of the reverse side of $1 Federal reserve notes shall incorporate the preamble to the Constitution of the United States, a list of the Articles of the Constitution, and a list of the first 10 amendments to the Constitution.

"(2) DESIGN.—Subject to paragraph (3), the preamble to the Constitution of the United States, the first 10 amendments to the Constitution, and the list of the Articles of the Constitution shall appear on the reverse side of the $1 Federal reserve note, in such form as the Secretary deems appropriate.

"(3) AUTHORITY OF SECRETARY.—The requirements of this subsection shall not be construed as—

"(A) prohibiting the inclusion of any other inscriptions or material on the reverse side of the $1 Federal reserve note that the Secretary may determine to be necessary or appropriate; or

"(B) limiting any other authority of the Secretary with regard to the design of the $1 Federal reserve note, including the adoption of any design features to deter the counterfeiting of United States currency.".

(b) DATE OF APPLICATION.—The amendment made by subsection (a) shall apply to $1 Federal reserve notes that are first placed into circulation after December 31, 1999.

ADDITIONAL COSPONSORS

S. 261

At the request of Mr. DOMENICI, the name of the Senator from Wisconsin (Mr. FEINGOLD) was added as a cosponsor of S. 261, a bill to provide for a biennial budget process and a biennial appropriations process and to enhance oversight and the performance of the Federal Government.

S. 597

At the request of Mr. BINGAMAN, the name of the Senator from Louisiana (Ms. LANDRIEU) was added as a cosponsor of S. 597, a bill to amend title XVIII of the Social Security Act to provide for coverage under part B of the medicare program of medical nutrition therapy services furnished by registered dietitians and nutrition professionals.

S. 831

At the request of Mr. SHELBY, the name of the Senator from Alabama (Mr. SESSIONS) was added as a cosponsor of S. 831, a bill to amend chapter 8 of title 5, United States Code, to provide for congressional review of any rule promulgated by the Internal Revenue Service that increases Federal revenue, and for other purposes.

S. 882

At the request of Mrs. BOXER, the name of the Senator from Hawaii (Mr. AKAKA) was added as a cosponsor of S. 882, a bill to improve academic and social outcomes for students by providing productive activities during after school hours.

S. 990

At the request of Mr. FAIRCLOTH, the name of the Senator from Colorado (Mr. CAMPBELL) was added as a cosponsor of S. 990, a bill to amend the Public Health Service Act to establish the National Institute of Biomedical Imaging.

S. 1392

At the request of Mr. BROWNBACK, the name of the Senator from Michigan (Mr. ABRAHAM) was added as a cosponsor of S. 1392, a bill to provide for offsetting tax cuts whenever there is an elimination of a discretionary spending program.

S. 1422

At the request of Mr. MCCAIN, the name of the Senator from Georgia (Mr. CLELAND) was added as a cosponsor of S. 1422, a bill to amend the Communications Act of 1934 to promote competition in the market for delivery of multichannel video programming and for other purposes.

S. 1461

At the request of Mr. LAUTENBERG, the name of the Senator from Georgia (Mr. CLELAND) was added as a cosponsor of S. 1461, a bill to establish a youth mentoring program.

S. 1525

At the request of Mr. SPECTER, the name of the Senator from Illinois (Mr. DURBIN) was added as a cosponsor of S. 1525, a bill to provide financial assistance for higher education to the dependents of Federal, State, and local public safety officers who are killed or permanently and totally disabled as the result of a traumatic injury sustained in the line of duty.

S. 1618

At the request of Mr. MCCAIN, the name of the Senator from Georgia (Mr. CLELAND) was added as a cosponsor of S. 1618, a bill to amend the Communications Act of 1934 to improve the protection of consumers against "slamming" by telecommunications carriers, and for other purposes.

S. 1647

At the request of Mr. BAUCUS, the name of the Senator from New Hampshire (Mr. GREGG) was added as a cosponsor of S. 1647, a bill to reauthorize and make reforms to programs authorized by the Public Works and Economic Development Act of 1965.

S. 1758

At the request of Mr. LUGAR, the name of the Senator from Nebraska (Mr. HAGEL) was added as a cosponsor of S. 1758, a bill to amend the Foreign Assistance Act of 1961 to facilitate protection of tropical forests through debt reduction with developing countries with tropical forests.

S. 1875

At the request of Mr. DASCHLE, the names of the Senator from North Dakota (Mr. CONRAD) and the Senator from South Dakota (Mr. JOHNSON) were added as cosponsors of S. 1875, a bill to initiate a coordinated national effort to prevent, detect, and educate the public concerning Fetal Alcohol Syndrome and Fetal Alcohol Effect and to identify effective interventions for children, adolescents, and adults with Fetal Alcohol Syndrome and Fetal Alcohol Effect, and for other purposes.

S. 1915

At the request of Mr. LEAHY, the name of the Senator from Minnesota (Mr. WELLSTONE) was added as a cosponsor of S. 1915, a bill to amend the Clean Air Act to establish requirements concerning the operation of fossil fuel-fired electric utility steam generating units, commercial and industrial boiler units, solid waste incineration units, medical waste incinerators, hazardous waste combustors, chlor-alkali plants, and Portland cement plants to reduce emissions of mercury to the environment, and for other purposes.

S. 1973

At the request of Mr. BUMPERS, the name of the Senator from Georgia (Mr. CLELAND) was added as a cosponsor of S. 1973, a bill to amend section 2511 of title 18, United States Code, to revise the consent exception to the prohibition on the interception of oral, wire, or electronic communications.

S. 2022

At the request of Mr. DEWINE, the name of the Senator from Alabama (Mr. SESSIONS) was added as a cosponsor of S. 2022, a bill to provide for the improvement of interstate criminal justice identification, information, communications, and forensics.

S. 2030

At the request of Mr. BUMPERS, the names of the Senator from Michigan (Mr. LEVIN), the Senator from Vermont (Mr. LEAHY), the Senator from Iowa (Mr. HARKIN), the Senator from North Dakota (Mr. CONRAD), the Senator from Nevada (Mr. BRYAN), the Senator from South Dakota (Mr. DASCHLE), and the Senator from New Jersey (Mr. TORRICELLI) were added as cosponsors of S. 2030, a bill to amend the Federal Rules of Civil Procedure, relating to counsel for witnesses in grand jury proceedings, and for other purposes.

SENATE CONCURRENT RESOLUTION 75

At the request of Mr. FEINGOLD, the names of the Senator from New York (Mr. D'AMATO) and the Senator from Illinois (Ms. MOSELEY-BRAUN) were added as cosponsors of Senate Concurrent Resolution 75, a concurrent resolution honoring the sesquicentennial of Wisconsin statehood.

SENATE RESOLUTION 193

At the request of Mr. REID, the names of the Senator from Delaware (Mr. ROTH), the Senator from Kentucky (Mr. FORD), and the Senator from New Jersey (Mr. TORRICELLI) were added as cosponsors of Senate Resolution 193, a resolution designating December 13, 1998, as "National Children's Memorial Day."

SENATE RESOLUTION 220

At the request of Mr. DORGAN, the name of the Senator from Wyoming (Mr. THOMAS) was added as a cosponsor of Senate Resolution 220, a resolution to express the sense of the Senate that the European Union should cancel the

sale of heavily subsidized barley to the United States and ensure that restitution or other subsidies are not used for similar sales and that the President, the United States Trade Representative, and the Secretary of Agriculture should conduct an investigation of and report on the sale and subsidies.

AMENDMENT NO. 2353

At the request of Mr. COVERDELL, the names of the Senator from North Carolina (Mr. FAIRCLOTH) and the Senator from Idaho (Mr. CRAIG) were added as cosponsors of amendment No. 2353 proposed to H.R. 2676, a bill to amend the Internal Revenue Code of 1986 to restructure and reform the Internal Revenue Service, and for other purposes.

SENATE RESOLUTION 225—EXPRESSING THE SENSE OF THE SENATE REGARDING THE 35TH ANNIVERSARY OF THE FOUNDING OF THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Mr. FAIRCLOTH (for himself and Mr. HELMS) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 225

Whereas the General Assembly of North Carolina adopted the first Community College Act and provided funding for community colleges in 1957;

Whereas Governor Terry Sanford appointed a Governor's Commission on Education Beyond the High School in 1962, that brought about the unifying of industrial education centers and community colleges into 1 system;

Whereas the General Assembly of North Carolina enacted legislation in 1963 establishing a State Department of Community Colleges, under the State Board of Education;

Whereas in the early 1970's, the growth rate of community colleges exceeded 10 percent annually, and in 1974 the growth rate reached 33 percent;

Whereas the General Assembly of North Carolina reestablished the State Department of Community Colleges in 1979, and made the department independent of the State Board of Education, effective on January 1, 1981;

Whereas in 1983, the North Carolina Community College System celebrated the system's 20th anniversary, having emerged as the Nation's third largest State network of community colleges;

Whereas the North Carolina Community College System began with 6 community colleges and has grown to include 59 post-high school learning institutions;

Whereas in 1997 Congress passed the Taxpayer Relief Act of 1997 that established the Hope Scholarship Credits which provided a $1,500 tax credit for community college students to help defray the cost of their education, thus allowing many more students the opportunity to attend classes;

Whereas by attracting more students to community colleges with the Hope Scholarship Credits, a larger number of students are being taught valuable job skills;

Whereas by improving the training and skills of our Nation's workers in community colleges, our Nation is creating better jobs in manufacturing and technology throughout the United States, thus keeping our Nation competitive in the global marketplace;

Whereas by recruiting businesses to locate or expand their operations in North Carolina with the promise that North Carolina community colleges will train their workforce, hundreds of thousands of jobs in North Carolina have been created;

Whereas 1 out of every 6 adults enrolls at a community college each year;

Whereas enrollment in community colleges is expected to exceed 800,000 students by the end of the year 2000;

Whereas community colleges train 95 percent of North Carolina's firefighters and more than 80 percent of North Carolina's law enforcement officers;

Whereas basic law enforcement training students from community colleges show a 98 percent passing rate on North Carolina licensing and certification exams;

Whereas community colleges educate 65 percent of North Carolina's registered nurses, and since 1990, community college nursing graduates have achieved a nearly 95 percent passing rate on the North Carolina licensure exam;

Whereas the North Carolina Community College System has created a world-class workforce, with almost 297,000 adults trained in 1997 through occupational extension classes and in-plant training courses;

Whereas The Wall Street Journal, the Associated Press, Business Week magazine, and Fortune magazine all recognized the excellent business and industry services in the North Carolina community colleges in 1997;

Whereas North Carolina's community colleges confer 1 out of every 5 of North Carolina's high school diplomas;

Whereas more than 127,000 adults in North Carolina enroll annually in various basic skills programs in community colleges;

Whereas nearly 13,000 literacy classes are offered annually by North Carolina community colleges at approximately 2,000 community sites; and

Whereas more than 13,600 of North Carolina's community college students increased their income by millions of dollars last year and saved North Carolina $450,000 in welfare payments: Now, therefore, be it

Resolved, That it is the sense of the Senate that the people of the United States should celebrate the 35th anniversary of the founding of the North Carolina Community College System, and all that this great system has done to educate and train the people of North Carolina.

AMENDMENTS SUBMITTED

THE INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998

KERREY AMENDMENTS NOS. 2358–2359

Mr. KERREY proposed two amendments to the bill (H.R. 2676) to amend the Internal Revenue Code of 1986 to restructure and reform the Internal Revenue Service, and for other purposes; as follows:

AMENDMENT NO. 2358

On page 394, between lines 15 and 16, insert the following:

SEC. . WILLFUL NONCOMPLIANCE WITH INTERNAL REVENUE LAWS BY TAXPAYERS.

Not later than 1 year after the date of enactment of this Act, the Joint Committee on Taxation, the Secretary of the Treasury, and the Commissioner of Internal Revenue shall conduct jointly a study of the willful noncompliance with internal revenue laws by taxpayers and report the findings of such study to Congress.

AMENDMENT NO. 2359

On page 368, strike line 1 and insert the following:

(c) ANNUAL REPORT.—The Inspector General for Tax Administration shall report annually to Congress on any administrative or civil actions with respect to violations of the fair debt collection provisions of section 6304 of the Internal Revenue Code of 1986, as added by this section, including—

(1) a summary of such actions initiated since the date of the last report, and

(2) a summary of any judgments or awards granted as a result of such actions.

(d) EFFECTIVE DATE.—The amendments made by this

FAIRCLOTH (AND SMITH) AMENDMENT NO. 2360

Mr. FAIRCLOTH (for himself and Mr. SMITH of New Hampshire) proposed an amendment to the bill, H.R. 2676, supra; as follows:

On page 174, line 23, strike "9" and insert "8".

On page 175, strike lines 8 through 13.

On page 176, line 10, strike "or (D)".

On page 177, strike lines 7 and 8, and insert the following:

"(A) FINANCIAL DISCLOSURE.—During the entire

On page 177, line 10, strike "or (D)".

Beginning on page 177, strike line 19 and all that follows through page 178, line 5.

On page 178, line 10, strike "or (D)".

On page 182, line 1, strike "or (D)".

On page 182, line 11, strike "or (D)".

On page 190, line 12, strike "or (D)".

KERREY AMENDMENT NO. 2361

Mr. KERREY proposed an amendment to the bill, H.R. 2676, supra; as follows:

On page 256, line 15, strike "and".

On page 256, line 18, strike "2007." and insert "2007, and".

On page 256, between lines 18 and 19, insert the following:

(3) the Internal Revenue Service should cooperate with the private sector by encouraging competition to increase electronic filing of such returns, consistent with the provisions of the Office of Management and Budget Circular A–76.

GRASSLEY AMENDMENTS NOS. 2362–2363

Mr. GRASSLEY proposed two amendments to the bill, H.R. 2676, supra; as follows:

AMENDMENT NO. 2362

On page 203, line 5, strike "and".

On page 203, line 10, strike the period and insert ", and".

On page 203, between lines 10 and 11, insert:

"(III) appoint a counsel in the Office of the Taxpayer Advocate to report directly to the National Taxpayer Advocate.

AMENDMENT NO. 2363

At the end of subtitle H of title III, insert the following:

SEC. . COMBINED EMPLOYMENT TAX REPORTING DEMONSTRATION PROJECT.

(a) IN GENERAL.—The Secretary of the Treasury shall provide for a demonstration project to assess the feasibility and desirability of expanding combined Federal and State tax reporting.

(b) DESCRIPTION OF DEMONSTRATION PROJECT.—The demonstration project under subsection (a) shall be—

(1) carried out between the Internal Revenue Service and the State of Iowa for a period ending with the date which is 5 years after the date of the enactment of this Act,

(2) limited to the reporting of employment taxes, and

(3) limited to the disclosure of the taxpayer identity (as defined in section 6103(b)(6) of such Code) and the signature of the taxpayer.

(c) CONFORMING AMENDMENT.—Section 6103(d)(5), as amended by section 6009(f), is amended by striking "project described in section 976 of the Taxpayer Relief Act of 1997." and inserting "projects described in section 976 of the Taxpayer Relief Act of 1997 and section of the Internal Revenue Service Restructuring and Reform Act of 1998.".

CRAIG AMENDMENTS NOS. 2364–2366

Mr. CRAIG proposed three amendments to the bill, H.R. 2676, supra; as follows:

AMENDMENT NO. 2364

Insert in the appropriate place in the bill the following:

SEC. . TAXPAYER NOTICE.

Section 6103(d) of the Internal Revenue Code of 1986 is amended by adding at the end thereof a new paragraph to read as follows:

"(6) TAXPAYER NOTICE.—No return information may be disclosed under paragraph (1) to any agency, body, or commission of any State (or legal representative thereof) unless the Secretary determines that such agency, body, or commission (or legal representative) has first notified each person for whom such return or return information was filed or provided by, on behalf of, or with respect to, personally in writing that the request described in paragraph (1) has been made by such agency, body, or commission (or legal representative) and the specific reasons for making such request.".

AMENDMENT NO. 2365

Insert in the appropriate places in the bill the following:

SEC. . DISCLOSURE NECESSARY IN THE ADMINISTRATION OF STATE INCOME TAX LAWS.

(a) Section 6103(b)(5)(A) of the Internal Revenue Code of 1986 is amended by inserting after "Northern Mariana Islands," the following:

"if that jurisdiction imposes a tax on income or wages,".

(b) The first sentence of Section 6103(d)(1) is amended by inserting the word "income" after "with responsibility for the administration of State" and before "tax laws".

The first sentence of Section 6103(d)(1) is further amended by inserting "State's income tax" after "necessary in, the administration of such", and before "laws".

AMENDMENT NO. 2366

Insert in the appropriate place in the bill the following:

SEC. . DISCLOSURE TO TAXPAYERS.

Section 6103(d) of the Internal Revenue Code of 1986 is amended by adding at the end thereof a new paragraph to read as follows:

"(6) DISCLOSURE TO TAXPAYERS.—The Secretary shall ensure that any instructions booklet accompanying a general tax return form (including forms 1040, 1040A, 1040EZ, and any similar or successor forms) shall include, in clear language, in conspicuous print, and in a conspicuous place near the front of the booklet, a complete and concise description of the conditions under which return information may be disclosed to any party outside the Internal Revenue Service, including disclosure to any State or agency, body, or commission (or legal representative) thereof.".

BOND AMENDMENT NO. 2367

(Ordered to lie on the table.)

Mr. BOND submitted an amendment intended to be proposed by him to the bill, H.R. 2676, supra; as follows:

Beginning on page 256, strike line 9 and all that follows through page 258, line 21, and insert the following:

SEC. 2001. ELECTRONIC FILING OF TAX AND INFORMATION RETURNS.

(a) IN GENERAL.—It is the policy of Congress that—

(1) paperless filing should be the preferred and most convenient means of filing Federal tax and information returns,

(2) electronic filing should be a voluntary option for taxpayers, and

(3) it be the goal of the Internal Revenue Service to have at least 80 percent of all such returns filed electronically by the year 2007.

(b) STRATEGIC PLAN.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary of the Treasury or the Secretary's delegate (hereafter in this section referred to as the "Secretary"), in consultation with the Internal Revenue Service Oversight Board and the electronic-filing advisory group described in paragraph (4), shall establish a plan to eliminate barriers, provide incentives, and use competitive market forces to increase electronic filing gradually over the next 10 years while maintaining processing times for paper returns at 40 days.

(2) PUBLICATION OF PLAN.—The plan described in paragraph (1) shall be published in the Federal Register and shall be subject to public comment for 60 days from the date of publication. Not later than 180 days after publication of such plan, the Secretary shall publish a final plan in the Federal Register.

(3) IMPLEMENTATION OF PLAN.—The Secretary shall prescribe rules and regulations to implement the plan developed under paragraph (1). Notwithstanding any other provision of law, the Secretary shall—

(A) prescribe such rules and regulations in accordance with subsections (b), (c), (d), and (e) of section 553 of title 5, United States Code, and

(B) in connection with such rules and regulations, perform an initial and final regulatory flexibility analysis pursuant to sections 603 and 604 of title 5, United States Code, and outreach pursuant to section 609 of title 5, United States Code.

(4) ELECTRONIC-FILING ADVISORY GROUP.—

(A) IN GENERAL.—To ensure that the Secretary receives input from the private sector in the development and implementation of the plan required by paragraph (1), not later than 60 days after the date of enactment of this Act, the Secretary shall convene an electronic-filing advisory group that includes—

(i) at least one representative of individual taxpayers subject to withholding,

(ii) small businesses and self-employed individuals,

(iii) large businesses,

(iv) trusts and estates,

(v) tax-exempt organizations,

(vi) tax practitioners, preparers, and other tax professionals,

(vii) computerized tax processors, and

(viii) the electronic-filing industry.

(B) PERSONNEL AND OTHER MATTERS.—

(i) COMPENSATION.—Each member of the electronic-filing advisory group described in subparagraph (A) shall serve without compensation, but shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in performance of duties as members of the advisory group.

(ii) DETAILEES.—Any Federal Government employee may be detailed to the advisory group without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

(5) TERMINATION.—The advisory group shall terminate on December 31, 2008.

(c) PROMOTION OF ELECTRONIC FILING AND INCENTIVES.—Section 6011 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) PROMOTION OF ELECTRONIC FILING.—

"(1) IN GENERAL.—The Secretary is authorized to promote the benefits of and encourage the use of electronic tax administration programs, as they become available, through the use of mass communications and other means.

"(2) INCENTIVES.—The Secretary may implement procedures to provide for the payment of appropriate incentives for electronically filed returns."

(d) ANNUAL REPORTS.—Not later than June 30 of each calendar year after 1997 and before 2009, the Chairperson of the Internal Revenue Service Oversight Board, the Secretary of the Treasury, and the Chairperson of the electronic-filing advisory group established under subsection (b)(4) shall report to the Committees on Ways and Means, Appropriations, Government Reform and Oversight, and Small Business of the House of Representatives, the Committees on Finance, Appropriations, Governmental Affairs, and Small Business of the Senate, and the Joint Committee on Taxation, on—

(1) the progress of the Internal Revenue Service in meeting the goal of receiving 80 percent of tax and information returns electronically by 2007,

(2) the status of the plan required by subsection (b),

(3) the legislative changes necessary to assist the Internal Revenue Service in meeting such goal, and

(4) the effects on small businesses and the self-employed of electronically filing tax and information returns, including a detailed description of the forms to be filed electronically, the equipment and technology required for compliance, the cost to a small business and self-employed individual of filing electronically, implementation plans, and action to coordinate Federal, State, and local electronic filing requirements.

GRASSLEY (AND OTHERS) AMENDMENT NO. 2368

Mr. GRASSLEY (for himself, Mr. KERREY, Mr. HATCH, Mr. MOYNIHAN, Mr. CHAFEE, Mr. D'AMATO, Mr. JEFFORDS, Mr. ROCKEFELLER, Mr. BREAUX, Mr. CONRAD, Mr. GRAHAM, Ms. MOSELEY-

BRAUN, Mr. BRYAN, Mrs. BOXER, Mr. BENNETT, Mr. DORGAN, Mr. AKAKA, and Mrs. FEINSTEIN) proposed an amendment to the bill, H.R. 2676, supra; as follows:

On page 386, lines 17 and 18, strike "return for such taxable year" and insert "Federal return for such taxable year of the overpayment".

On page 387, line 23, insert "by certified mail with return receipt" after "notifies".

On page 388, strike lines 17 through 25, and insert the following:

"(A)(i) which resulted from—

"(I) a judgment rendered by a court of competent jurisdiction which has determined an amount of State income tax to be due, or

"(II) a determination after an administrative hearing which has determined an amount of State tax to be due, and

"(ii) which is no longer subject to judicial review, or

"(B) which resulted from a State income tax which has been assessed but not collected, the time for redetermination of which has expired, and which has not been delinquent for more than 10 years.

GRAHAM (AND OTHERS) AMENDMENT NO. 2369

Mr. GRAHAM (for himself, Mr. D'AMATO, Mrs. FEINSTEIN, and Mr. JOHNSON) proposed an amendment to the bill, H.R. 2676, supra; as follows:

On page 293, strike lines 3 through 10, and insert:

"(C) ELECTION NOT VALID WITH RESPECT TO CERTAIN DEFICIENCIES.—If the Secretary demonstrates that an individual making an election under this section had actual knowledge, at the time such individual signed the return, of any item giving rise to a deficiency (or portion thereof) which is not allocable to such individual under subsection (c), such election shall not apply to such deficiency (or portion). This subparagraph shall not apply where the individual with actual knowledge establishes that such individual signed the return under duress.

DOMENICI (AND OTHERS) AMENDMENT NO. 2370

Mr. ROTH (for Mr. DOMENICI, for himself, Mr. D'AMATO, Mr. MCCAIN, Mr. BINGAMAN, and Mrs. HUTCHISON) proposed an amendment to the bill, H.R. 2676, supra; as follows:

On page 381, after line 25, insert:

(c) TELEPHONE HELPLINE OPTIONS.—The Secretary of the Treasury or the Secretary's delegate shall provide on all telephone helplines of the Internal Revenue Service an option for any taxpayer questions to be answered in Spanish.

On page 382, strike lines 1 and 2, and insert:

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, this section shall take effect 60 days after the date of the enactment of this Act.

(2) SUBSECTION (C).—Subsection (c) shall take effect on January 1, 2000.

DOMENICI AMENDMENT NO. 2371

Mr. ROTH (for Mr. DOMENICI) proposed an amendment to the bill, H.R. 2676, supra; as follows:

On page 382, before line 1, insert:

(d) TELEPHONE HELPLINE OPTIONS.—The Secretary of the Treasury or the Secretary's delegate shall provide on all telephone helplines of the Internal Revenue Service an option for any taxpayer to talk to a live person in addition to hearing a recorded message. The person shall direct phone questions of the taxpayer to other Internal Revenue Service personnel who can provide understandable information to the taxpayer.

On page 382, after line 2, insert:

(3) SUBSECTION (D).—Subsection (d) shall take effect on January 1, 2000.

MACK (AND OTHERS) AMENDMENT NO. 2372

Mr. MACK (for himself, Mr. FAIRCLOTH, and Mr. MURKOWSKI) proposed an amendment to the bill, H.R. 2676, supra; as follows:

On page 174, line 23, strike "9" and insert "8".

On page 175, strike lines 3 through 5.

On page 175, line 6, strike "(C)" and insert "(B)".

On page 175, line 8, strike "(D)" and insert "(C)".

On page 176, line 10, strike "(D)" and insert "(C)".

On page 177, line 10, strike "(D)" and insert "(C)".

On page 177, line 21, strike "(1)(D)" and insert "(1)(C)".

On page 178, line 10, strike "(D)" and insert "(C)".

On page 180, line 11, strike "(1)(D)" and insert "(1)(C)".

On page 180, line 18, strike "(1)(D)" and insert "(1)(C)".

On page 181, line 14, strike "(1)(D)" and insert "(1)(C)".

On page 182, strike lines 3 through 7, and insert the following:

"(B) COMMISSIONER.—The Commissioner of Internal Revenue shall be removed upon termination of service in the office.

On page 182, line 11, strike "(D)" and insert "(C)".

BOND (AND MOSELEY-BRAUN) AMENDMENT NO. 2373

Mr. BOND (for himself and Ms. MOSELEY-BRAUN) proposed an amendment to the bill, H.R. 2676, supra; as follows:

Beginning on page 256, strike line 11 and all that follows through line 18, and insert the following:

"(a) IN GENERAL.—It is the policy of Congress that—

(1) paperless filing should be the preferred and most convenient means of filing Federal tax and information returns,

(2) electronic filing should be a voluntary option for taxpayers, and

(3) it should be the goal of the Internal Revenue Service to have at least 80 percent of all such returns filed electronically by the year 2007."

On page 258, line 12, strike "and Government Reform and Oversight" insert "Government Reform and Oversight, and Small Business".

On page 258, line 14, strike "and Governmental Affairs" insert "Governmental Affairs, and Small Business".

On page 258, line 19, strike "and".

On page 258, line 21, strike "such goal." and insert "such goal; and".

On page 258, after line 21, insert the following:

"(4) the effects on small businesses and the self-employed of electronically filing tax and information returns.".

GRAMM AMENDMENTS NOS. 2374–2376

Mr. GRAMM proposed three amendments to the bill, H.R. 2676, supra; as follows:

AMENDMENT NO. 2374

On page 265, between lines 21 and 22, insert:

"(4) EXPANSION TO TAX LIABILITIES OTHER THAN INCOME TAX.—In the case of court proceedings arising in connection with examinations commencing after the date of the enactment of this paragraph and before June 1, 2001, this paragraph shall, in addition to income tax liability, apply to any other tax liability of the taxpayer."

AMENDMENT NO. 2375

On page 370, between lines 18 and 19, insert:

SEC. 3468. PROHIBITION ON REQUESTS TO TAXPAYERS TO GIVE UP RIGHTS TO BRING ACTIONS.

(a) PROHIBITION.—No officer or employee of the United States may request a taxpayer to waive the taxpayer's right to bring a civil action against the United States or any officer or employee of the United States for any action taken in connection with the internal revenue laws.

(b) EXCEPTIONS.—Subsection (a) shall not apply in any case where—

(1) a taxpayer waives the right described in subsection (a) knowingly and voluntarily, or

(2) the request by the officer or employee is made in person and the taxpayer's attorney or other federally authorized tax practitioner (within the meaning of section 7525(c)(1)) is present, or the request is made in writing to the taxpayer's attorney or other representative.

AMENDMENT NO. 2376

On page 253, line 13, strike "and".

On page 253, line 17, strike the end period and insert a comma.

On page 253, between lines 17 and 18, insert:

(8) willful failure to file any return of tax required under the Internal Revenue Code of 1986 on or before the date prescribed therefor (including any extensions), unless such failure is due to reasonable cause and not to willful neglect,

(9) willful understatement of Federal tax liability, unless such understatement is due to reasonable cause and not to willful neglect, and

(10) threatening to audit a taxpayer for the purpose of extracting personal gain or benefit.

CRAIG AMENDMENT NO. 2377

Mr. ROTH (for Mr. CRAIG) proposed an amendment to the bill, H.R. 2676, supra; as follows:

Insert in the appropriate place in the bill the following:

SEC. . DISCLOSURE TO TAXPAYERS.

Section 6103(d) of the Internal Revenue Code of 1986 is amended by adding at the end thereof a new paragraph to read as follows:

"(6) Disclosure to taxpayers.—The Secretary shall ensure that any instructions booklet accompanying a general tax return form (including forms 1040, 1040A, 1040EZ, and any similar or successor forms) shall include, in clear language, in conspicuous print, and in a conspicuous place near the

front of the booklet, a concise description of the conditions under which return information may be disclosed to any party outside the Internal Revenue Service, including disclosure to any State or agency, body, or commission (or legal representative) thereof.".

CRAIG AMENDMENT NO. 2378

Mr. ROTH (for Mr. CRAIG) proposed an amendment to the bill, H.R. 2676, supra; as follows:

On page 394, before line 16, add a new item (6) to read as follows:

"(6) the impact on taxpayer privacy of the sharing of income tax return information for purposes of enforcement of state and local tax laws other than income tax laws, and including the impact on the taxpayer privacy intended to be protected at the federal, state, and local levels under Public Law 105-35, the Taxpayer Browsing Protection Act of 1997."

GRAMS (AND OTHERS) AMENDMENT NO. 2379

Mr. GRAMS (for Mr. COVERDELL, Ms. BOXER, Mr. WELLSTONE, and Mr. CLELAND) proposed an amendment to the bill, H.R. 2676, supra; as follows:

At the appropriate place, insert the following new section:

SEC. . ABATEMENT OF INTEREST ON UNDERPAYMENTS BY TAXPAYERS IN PRESIDENTIALLY DECLARED DISASTER AREAS.

(a) IN GENERAL.—Section 6404 of the Internal Revenue Code of 1986 (relating to abatements) is amended by adding at the end the following:

"(h) ABATEMENT OF INTEREST ON UNDERPAYMENTS BY TAXPAYERS IN PRESIDENTIALLY DECLARED DISASTER AREAS.—

"(1) IN GENERAL.—If the Secretary extends for any period the time for filing income tax returns under section 6081 and the time for paying income tax with respect to such returns under section 6161 for any taxpayer located in a Presidentially declared disaster area, the Secretary shall abate for such period the assessment of any interest prescribed under section 6601 on such income tax.

"(2) PRESIDENTIALLY DECLARED DISASTER AREA.—For purposes of paragraph (1), the term 'Presidentially declared disaster area' means, with respect to any taxpayer, any area which the President has determined warrants assistance by the Federal Government under the Disaster Relief and Emergency Assistance Act.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to disasters declared after December 31, 1996, with respect to taxable years beginning after December 31, 1996.

(c) EMERGENCY DESIGNATION—

(1) For the purposes of section 252(e) of the Balanced Budget and Emergency Deficit Control Act, Congress designates the provisions of this section as an emergency requirement.

(2) The amendments made by subsections (a) and (b) of this section shall only take effect upon the transmittal by the President to the Congress of a message designating the provisions of subsections (a) and (b) as an emergency requirement pursuant to section 252(e) of the Balanced Budget and Emergency Deficit Control Act.

MOYNIHAN (AND OTHERS) AMENDMENT NO. 2380

Mr. DODD (for Mr. MOYNIHAN, for himself, Mr. ROTH, Mr. BENNETT, Mr. KERREY, and Mr. DODD) proposed an amendment to the bill, H.R. 2676, supra; as follows:

On page 308, line 12, insert "the 2nd and succeeding" before "calendar quarters".

On page 309, lines 7 and 8, strike "the date of the enactment of this Act" and insert "December 31, 1999".

On page 343, after line 24, insert:

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act, except for automated collection system actions initiated before January 1, 2000.

On page 345, lines 6 and 7, strike "the date of the enactment of this Act" and insert "December 31, 1999".

On page 351, lines 13 and 14, strike "the date of the enactment of this Act" and insert "December 31, 1999".

On page 357, lines 6 and 7, strike "the date of the enactment of this Act" and insert "December 31, 1999".

On page 357, lines 9 and 10, strike "the date of the enactment of this Act" and insert "December 31, 1999".

On page 357, strike lines 16 and 17, and insert:

(B) December 31, 1999.

On page 362, lines 12 and 13, strike "the 60th day after the date of the enactment of this Act" and insert "December 31, 1999".

On page 382, line 2, strike "60 days after the date of the enactment of this Act" and insert "on January 1, 2000".

On page 383, line 14, insert ", except that the removal of any designation under subsection (a)(2)(A) shall not be required to begin before January 1, 1999" after "Act".

COLLINS (AND OTHERS) AMENDMENT NO. 2381

Ms. COLLINS (for herself, Mr. DEWINE, Mr. SESSIONS, and Mr. MCCAIN) proposed an amendment to the bill, H.R. 2676, supra; as follows:

At the end of subtitle H of title III, add the following:

SEC. ___. REPORTING REQUIREMENTS IN CONNECTION WITH EDUCATION TAX CREDIT.

(a) AMOUNTS TO BE REPORTED.—Subparagraph (C) of section 6050S(b)(2) is amended—

(1) in clause (i), by inserting "and any grant amount received by such individual and processed through the institution during such calendar year" after "calendar year",

(2) in clause (ii), by inserting "by the person making such return" after "year", and

(3) in clause (iii), by inserting "and" at the end.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to returns required to be filed with respect to taxable years beginning after December 31, 1998.

ROTH AMENDMENT NO. 2382

Mr. ROTH proposed an amendment to the bill, H.R. 2676, supra; as follows:

On page 202, between lines 5 and 6, insert the following:

"(iv) COORDINATION WITH REPORT OF TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION.—To the extent that information required to be reported under clause (ii) is also required to be reported under paragraph (1) or (2) of subsection (d) by the Treasury Inspector General for Tax Administration, the National Taxpayer Advocate shall not contain such information in the report submitted under such clause.

On page 204, line 1, strike "directly".

On page 206, line 23, strike "(2)" and insert "(3)(A)".

On page 207, line 9, insert "by the Internal Revenue Service or the Inspector General" before "during".

On page 207, line 20, strike "(B)" and insert "(A)".

On page 207, lines 24 and 25, strike "not less than 1 percent" and insert "a statistically valid sample".

On page 252, line 25, insert "or taxpayer representative" after "taxpayer".

On page 253, line 1, insert ", taxpayer representative," after "taxpayer".

On page 253, line 5, insert "or taxpayer representative" after "taxpayer".

On page 253, line 6, insert ", taxpayer representative," after "taxpayer".

On page 253, line 12, insert ", taxpayer representative," after "taxpayer".

On page 254, lines 14 and 15, strike "and their immediate supervisors".

On page 254, lines 17 and 18, strike "individuals described in paragraph (1)" and insert "such employees".

On page 322, line 11, strike "subsection" and insert "section".

GRAHAM (AND OTHERS) AMENDMENT NO. 2383

Mr. ROTH (for Mr. GRAHAM, for himself, Mr. NICKLES, and Ms. MOSELEY-BRAUN) proposed an amendment to the bill, H.R. 2676, supra; as follows:

Beginning on page 307, line 6, strike all through page 308, line 3, and insert:

SEC. 3301. ELIMINATION OF INTEREST RATE DIFFERENTIAL ON OVERLAPPING PERIODS OF INTEREST ON TAX OVERPAYMENTS AND UNDERPAYMENTS.

(a) IN GENERAL.—Section 6621 (relating to determination of rate of interest) is amended by adding at the end the following new subsection:

"(d) ELIMINATION OF INTEREST ON OVERLAPPING PERIODS OF TAX OVERPAYMENTS AND UNDERPAYMENTS.—To the extent that, for any period, interest is payable under subchapter A and allowable under subchapter B on equivalent underpayments and overpayments by the same taxpayer of tax imposed by this title, the net rate of interest under this section on such amounts shall be zero for such period.".

(b) CONFORMING AMENDMENT.—Subsection (f) of section 6601 (relating to satisfaction by credits) is amended by adding at the end the following new sentence: "The preceding sentence shall not apply to the extent that section 6621(d) applies.".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided under paragraph (2), the amendments made by this section shall apply to interest for periods beginning after the date of the enactment of this Act.

(2) SPECIAL RULE.—Subject to any applicable statute of limitation not having expired with regard to either a tax underpayment or a tax overpayment, the amendments made by this section shall apply to interest for periods beginning before the date of the enactment of this Act if the taxpayer—

(A) reasonably identifies and establishes periods of such tax overpayments and underpayments for which the zero rate applies, and

(B) not later than December 31, 1999, requests the Secretary of the Treasury to apply section 6621(d) of the Internal Revenue Code of 1986, as added by subsection (a), to such periods.

SEC. 3301A. PROPERTY SUBJECT TO A LIABILITY TREATED IN SAME MANNER AS ASSUMPTION OF LIABILITY.

(a) REPEAL OF PROPERTY SUBJECT TO A LIABILITY TEST.—

(1) SECTION 357.—Section 357(a) (relating to assumption of liability) is amended by striking ", or acquires from the taxpayer property subject to a liability" in paragraph (2).

(2) SECTION 358.—Section 358(d)(1) (relating to assumption of liability) is amended by striking "or acquired from the taxpayer property subject to a liability".

(3) SECTION 368.—

(A) Section 368(a)(1)(C) is amended by striking ", or the fact that property acquired is subject to a liability,".

(B) The last sentence of section 368(a)(2)(B) is amended by striking ", and the amount of any liability to which any property acquired from the acquiring corporation is subject,".

(b) CLARIFICATION OF ASSUMPTION OF LIABILITY.—Section 357(c) is amended by adding at the end the following new paragraph:

"(4) DETERMINATION OF AMOUNT OF LIABILITY ASSUMED.—For purposes of this section, section 358(d), section 368(a)(1)(C), and section 368(a)(2)(B)—

"(A) a liability shall be treated as having been assumed to the extent, as determined on the basis of facts and circumstances, the transferor is relieved of such liability or any portion thereof (including through an indemnity agreement or other similar arrangement), and

"(B) in the case of the transfer of any property subject to a nonrecourse liability, unless the facts and circumstances indicate otherwise, the transferee shall be treated as assuming with respect to such property a ratable portion of such liability determined on the basis of the relative fair market values (determined without regard to section 7701(g)) of all assets subject to such liability."

(c) APPLICATION TO PROVISIONS OTHER THAN SUBCHAPTER C.—

(1) SECTION 584.—Section 584(h)(3) is amended—

(A) by striking ", and the fact that any property transferred by the common trust fund is subject to a liability," in subparagraph (A),

(B) by striking clause (ii) of subparagraph (B) and inserting:

"(ii) ASSUMED LIABILITIES.—For purposes of clause (i), the term 'assumed liabilities' means any liability of the common trust fund assumed by any regulated investment company in connection with the transfer referred to in paragraph (1)(A).

"(C) ASSUMPTION.—For purposes of this paragraph, in determining the amount of any liability assumed, the rules of section 357(c)(4) shall apply."

(2) SECTION 1031.—The last sentence of section 1031(d) is amended—

(A) by striking "assumed a liability of the taxpayer or acquired from the taxpayer property subject to a liability" and inserting "assumed (as determined under section 357(c)(4)) a liability of the taxpayer", and

(B) by striking "or acquisition (in the amount of the liability)".

(d) CONFORMING AMENDMENTS.—

(1) Section 351(h)(1) is amended by striking ", or acquires property subject to a liability,".

(2) Section 357 is amended by striking "or acquisition" each place it appears in subsection (a) or (b).

(3) Section 357(b)(1) is amended by striking "or acquired".

(4) Section 357(c)(1) is amended by striking ", plus the amount of the liabilities to which the property is subject,".

(5) Section 357(c)(3) is amended by striking "or to which the property transferred is subject".

(6) Section 358(d)(1) is amended by striking "or acquisition (in the amount of the liability)".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers after the date of the enactment of this Act.

STEVENS AMENDMENT NO. 2384

Mr. ROTH (for Mr. STEVENS) proposed an amendment to the bill, H.R. 2676, supra; as follows:

On page 355, insert after line 19 the following:

(d) STATE FISH AND WILDLIFE PERMITS.—(1) With respect to permits issued by a State and required under State law for the harvest of fish or wildlife in the trade or business of an individual taxpayer, "other assets" as used in section 3445 shall include future income that may be derived by such taxpayer from the commercial sale of fish or wildlife under such permit.

(2) The preceding paragraph may not be construed to invalidate or in any way prejudice any assertion that the privilege embodied in such permits is not property or a right to property under the Internal Revenue Code.

BINGAMAN (AND CHAFEE) AMENDMENT NO. 2385

Mr. ROTH (for Mr. BINGAMAN, for himself and Mr. CHAFEE) proposed an amendment to the bill, H.R. 2676, supra; as follows:

On page 375, line 11, strike the period and insert ", including volunteer income tax assistance programs, and to provide funds for training and technical assistance to support such clinics and programs."

On page 375, line 22, strike "or".

On page 376, line 2, strike the period and insert ", or".

On page 376, between lines 2 and 3, insert:

"(III) provides tax preparation assistance and tax counseling assistance to low income taxpayers, such as volunteer income tax assistance programs."

On page 376, line 20, strike "and".

On page 376, line 25, strike the period and insert "and".

On page 376, after line 25, insert:

"(C) a volunteer income tax assistance program which is described in section 501(c) and exempt from tax under section 501(a) and which provides tax preparation assistance and tax counseling assistance to low income taxpayers."

On page 377, line 9, strike "$3,000,000" and insert "$6,000,000".

On page 377, line 11, after the end period, insert "Not more than 7.5 percent of the amount available shall be allocated to training and technical assistance programs."

On page 377, line 15, insert ", except that larger grants may be made for training and technical assistance programs" after "$100,000".

On page 378, line 16, insert "(other than a clinic described in paragraph (2)(C))" after "clinic".

On page 396, strike lines 18 through 20, and insert "Finance of the Senate. The report shall include any recommendations—

(A) for reducing the complexity of the administration of Federal tax laws, and

(B) for repeal or modification of any provision the Commissioner believes adds undue and unnecessary complexity to the administration of the Federal tax laws.

NOTICE OF HEARING

COMMITTEE ON INDIAN AFFAIRS

Mr. CAMPBELL. Mr. President, I would like to announce that the Senate Committee on Indian Affairs will meet to conduct a hearing on Tuesday, May 12, 1998, at 9:30 a.m. on Indian gaming focusing on lands taken into trust for purposes of gaming. The hearing will be held in room 106 of the Dirksen Senate Office Building.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. BROWNBACK. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be allowed to meet during the session of the Senate on Thursday, May 7, 1998 at 9:00 a.m. in SR–328A. The purpose of this meeting will be to examine U.S. Agricultural Trade Policies in preparation for the World Trade Organization talks.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. BROWNBACK. Mr. President, I ask unanimous consent that the Committee on the Judiciary, be authorized to hold an executive business meeting during the session of the Senate on Thursday, May 7, 1998, at 10:00 a.m., off the floor in the Mansfield room S–207, of the Capitol Building.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. BROWNBACK. Mr. President, I ask unanimous consent that the Committee on the Judiciary, be authorized to hold an executive business meeting during the session of the Senate on Thursday, May 7, 1998, at 10:00 a.m., in room 226 of the Senate Dirksen Office Building.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. BROWNBACK. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet for a hearing on "Teacher Education" during the session of the Senate on Thursday, May 7, 1998, at 10:00 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. BROWNBACK. Mr. President, I ask unanimous consent that the Select

Committee on Intelligence be authorized to meet during the session of the Senate on Thursday, May 7, 1998 to hold closed mark-up on the FY99 Intelligence Authorization.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON AVIATION

Mr. BROWNBACK. Mr. President, I ask unanimous consent that the Aviation Subcommittee of the Senate Committee on Commerce, Science, and Transportation be authorized to meet on Thursday, May 7, 1998, at 2:15 pm on Aviation Repair Station.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON HOUSING OPPORTUNITY AND COMMUNITY DEVELOPMENT

Mr. BROWNBACK. Mr. President, I ask unanimous consent that the Subcommittee on Housing Opportunity and Community Development of the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on Thursday, May 7, 1998, to conduct a hearing on issues relating to the implementation of the Department of Housing and Urban Development's "HUD 2020 Management Reform Plan".

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON INTERNATIONAL ECONOMIC POLICY, EXPORT AND TRADE PROMOTION

Mr. BROWNBACK. Mr. President, I ask unanimous consent that the Committee on Foreign Relations and the Subcommittee on International Economic Policy, Export and Trade Promotion of the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, May 7, 1998, at 10 a.m. and 2:30 p.m. to hold hearings.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON NATIONAL PARKS, HISTORIC PRESERVATION, AND RECREATION

Mr. BROWNBACK. Mr. President, I ask unanimous consent that the Subcommittee on National Parks, Historic Preservation, and Recreation of the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Thursday, May 7, for purposes of conducting a subcommittee hearing which is scheduled to begin at 2:00 p.m. The purpose of this hearing is to receive testimony on titles VI, VII, VIII and XI of S. 1693, the Vision 2020 National Parks Restoration Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEDICATION OF THE GILBERT M. GROSVENOR CENTER OF GEOGRAPHIC EDUCATION

• Mrs. HUTCHISON. Mr. President, I rise today to bring to my colleagues' attention the dedication of the Gilbert M. Grosvenor Center of Geographic Education at Southwest Texas State University.

Located near the Texas Hill Country in San Marcos, Texas, Southwest Texas opened its doors 95 years ago to 330 students. Today, Southwest Texas is a major, innovative university with a growing student population of over 21,000. During its history, Southwest Texas graduates have distinguished themselves in numerous career fields, including research and teaching. Today, Southwest Texas builds upon this legacy of success and commitment to higher education by dedicating the new Grosvenor Center.

The university has distinguished itself nationally in the area of geographic research and education. In fact, Southwest Texas's Department of Geography and Planning has been recognized as the best undergraduate geography program in the nation by the Journal of Geography, the Association of American Geographers, and a national Program Effectiveness survey. Southwest Texas has the largest geography department in the country with 590 undergraduate and 165 graduate students.

Southwest Texas is the home of the Texas Alliance for Geographic Education, which is one of the premier geography alliances in the nation, according to the National Geographic Society. The Alliance has more than 5,000 teachers as members. It has sponsored numerous geography institutes and workshops for educators and has led efforts to generate participation in Geography Awareness Week. The Alliance is a strong supporter of the Texas Geography Bee, which is a statewide competition for young people to test their geographic knowledge before advancing on to the national contest.

Not surprisingly, Southwest Texas has chosen to name its new Center for Geographic Education after Gil Grosvenor, Chairman of the Board of Trustees of the National Geographic Society. With this decision, Southwest Texas salutes Mr. Grosvenor's outstanding leadership in the drive to improve education in the field of geography. His pioneering work to advance Geography Awareness Week, the Geography Bee, and state geography alliances, has dramatized the need for quality geography education in America's classrooms.

I want to commend Mr. Grosvenor for his lifetime commitment to the advancement and dissemination of geographic knowledge and understanding. Under the leadership of Gil Grosvenor, National Geographic has done more to make geography alive and interesting than any other organization. We all owe Mr. Grosvenor and the National Geographic Society a huge debt of gratitude for their tremendous contributions over the years.

Mr. President, hundreds of geographers from across the country will converge on the Southwest Texas campus today to inaugurate the new Center. Lady Bird Johnson is also an expected guest, along with elected officials and many alumni from the Department of Geography and Planning. In the evening, Mr. Grosvenor will serve as a special guest at a dinner in the ballroom of the LBJ Student Center. On Friday, Mr. Grosvenor will have the honor and distinction of delivering the 1st Annual Grosvenor Lecture at the Alkek Library Teaching Theater on campus. Mr. Grosvenor is expected to focus his address on the critical importance of providing quality geography education in America's schools.

It is with great pleasure that I join in the celebration of the dedication of Southwest Texas's new Grosvenor Center. I congratulate all those involved in making this effort a reality and ensuring that geography education plays an important and integral role in the classrooms of today, as well as tomorrow.•

L.F. "TOW" DIEHM

• Mr. BINGAMAN. Mr. President, I rise today and ask my colleagues to join me in extending condolences to the family and loved ones of one of New Mexico's most outstanding citizens, L.F. "Tow" Diehm, who died last week. Mr. Diehm leaves a proud and indelible legacy for his family, profession, and community. He spent his professional life dedicated to athletics in New Mexico, and while he will be missed, his reputation will live on.

Tow came to the University of New Mexico in 1957 and held the job of athletic trainer for 31 years. As friends and family will attest, Tow was a man who never forgot that the young student athletes in his charge were people. Throughout his 31 years, not a day went by when Tow did not touch the lives of the people around him. As a gesture to Tow of respect and affection, the University of New Mexico named its new athletic complex after him when it was completed in 1997. Indeed, the honors that were bestowed on Tow throughout his life were numerous: he is a member of the University of New Mexico Athletic Hall of Honor, the Helms Trainers Hall of fame, and in 1980, he became the first person, who was not an athlete or a coach, ever inducted into the Albuquerque Hall of Fame.

Whether generating funding for the athletic department or acting as a confidante to the many student athletes he helped every day, Mr. Diehm did everything in his life, personal and professional, with honor and integrity. His influence on athletes, his colleagues and friends, to say nothing of his family, is immeasurable. The standard of excellence that he embodied will live on in each life that he touched.•

DISABLED HIKERS FROM IDAHO ATTEMPT MT. EVEREST CLIMB

• Mr. CRAIG. Mr. President, I would like to take a few minutes to share a story about an extraordinary group of Idahoans.

As I drove into work this morning, my thoughts were with this group of my constituents in Nepal, very far away from home and even farther away from Washington, D.C. These Idahoans are attempting to climb Mt. Everest. Only a handful of people have climbed the mountain over the years and succeeded. Others have failed in their attempt, but very few people have ever tried to climb the mountain at all. It is a challenge that could mean death at every turn. For this group of Idahoans, however, the climb means life around every corner.

The climbers are all physically disabled. These disabled trekkers are affiliated with the Cooperative Wilderness Handicapped Outdoor Group at Idaho State University, affectionately known as HOGs. This group's philosophy is, "Hey, just because you're disabled, it doesn't mean that your life is over." And they are proving exactly that. The group's journey is being documented on the internet, so that updates on their progress can be found frequently. On their website they write, "Disabled people are ignored, not really discriminated against, but ignored. I've seen families where a relative is newly disabled and they didn't let him do anything. This at first is a well-meaning attitude, but later it effectively takes a disabled person's power away to make choices. We're making a choice with this Everest Trek. It's going to be really hard, but we are going to give it our best."

Disability comes in different forms for the participants. Kyle Packer, an Idaho State University student of the year, has Cerebral Palsy. Isaac Gayfield set many Idaho State University track records. He now has Degenerative Bone Disease. Tom McCurdy is an Idaho State University student who happens to be a paraplegic. Steve DeRoche is a weight lifting coach and a double amputee. Sheila Brashears lost a leg to cancer. Carla Yustak, who has Cerebral Palsy, is an Olympic trainee for cycling when she isn't climbing mountains.

And then there is Tom Whittaker. The founder of the CW-HOG organization, Tom lost his foot in an automobile accident in 1979, shortly after finishing his Masters degree at Idaho State University. An avid outdoor adventurer, Tom felt as if his life had come to an end—but he overcame his disability, and then some. Now a professor of adventure education at Prescott College in Arizona, Tom is poised to become the first amputee to stand on the summit of Everest. While the rest of the team plans to end its journey upon reaching the base camp of the summit, Tom will travel the final stage to the peak as the sole disabled participant.

I want to personally congratulate this group for their efforts so far. They are expected to reach the base camp today and Tom is set to reach the summit later this month. It is indeed a defining moment for disabled people in America and around the world.

Mr. President, let me share what was written about Tom Whittaker in his online profile: "* * * [he] reminds us, when setbacks occur in our personal and professional lives, it is not the falling down, but the getting back up that matters. The essence, in the heart of the American Dream, is not money, status or power, but the freedom to dream and the courage to embrace those dreams—for all people. As a people, we love to compete and we love to win. But more than anything, Americans applaud the grit and spirit it takes to get back up and finish the race."

In closing, I want to recognize their spirit today. It is my hope that everyone who hears their message might be inspired to face and conquer their own challenges, and by so doing, become not only better persons but better Americans.•

NATO ENLARGEMENT

• Mr. WYDEN. Mr. President, last week, the Senate engaged in a particularly important debate about the expansion of the North Atlantic Treaty Organization.

I particularly want to commend the leadership and dedication of my colleague from Oregon, Senator GORDON SMITH. Senator SMITH managed this important legislation on the floor with great competence, and the people of Oregon should be proud of how he handled this difficult assignment. Despite my colleague's persuasive efforts, however, I have decided to oppose this treaty.

Mr. President, a new era in world affairs demands new forms of international cooperation. There is indeed a clear and immediate imperative to bring the new democracies of Eastern Europe into the family of freedom-loving nations.

What is less clear is that the best way to do this is through the new military alliance proposed by this treaty. My reservations about this treaty are three, and I would like to outline them briefly.

First, the treaty redefines NATO's fundamental mission from protecting against a known threat into something much more nebulous. The initial purpose of this alliance was to contain communism and staunch the threat of the Soviet Union spreading its sphere of influence over the entire continent. With four decades of sound leadership, consistent vision, and unflinching strength, the alliance succeeded in that endeavor, bringing the West safely through the Cold War, and allowing the people of Eastern Europe to finally reassert their long-suppressed desire for freedom.

But what is NATO's role in a new environment, with the Soviet Union relegated to history? I don't think that question has been sufficiently debated, or an answer sufficiently defined, for us to be rushing into this expansion. Is there really some strategic end that would be served by the United States pledging to treat any conflagration in the turbulent realm of Eastern Europe as an attack against our own sovereignty?

It may well be that there are circumstances in which the cause of world peace and security would be best served by an American commitment to turn back an aggressor or defend a fragile democracy. But in the absence of a well-defined threat or clearly articulated strategic mission, it is hard to see how this expansion of NATO is anything other than a gamble that an institution created for one purpose is equally suited for the yet-to-be-determined purposes of a new time.

Second, I believe that this expansion will have a deleterious effect on our relationship with Russia. At this critical time—when what was once our most formidable adversary stands at a delicate point between the continued climb toward democracy and freedom on the one side, and a fall backwards into heavily-armed nationalism on the other—I'm especially troubled that this proposed NATO expansion will push future Russian leaders in the wrong direction.

As the end of this century approaches, Russia is still in possession of one of the world's most powerful military arsenals. A Russia with reborn territorial designs on her neighbors is the greatest imaginable potential threat to European stability and security.

That is why it is so vital that we seek ratification and implimentation of the START II treaty with Russia, which would actually reduce the size of its nuclear arsenal. The Russian Duma has so far refused to take this step, but appears to be moving in that direction. If they interepret this expansion, however, as a hostile gesture in their direction, they may well refuse to ratify, leaving us all less safe than we might otherwise have been.

The United States has made tremendous strides in our relationship with Russia since the fall of the Soviet system. American diplomacy now should be focused on consolidating those gains, and finding ways to help Russia complete its transition to democracy. Many experts in our own country, as well as many of the most credible pro-Western leaders in Russia itself, have warned us that expanding NATO could

inflame nationalist passions, and lead to a turning away from the path of democracy and peaceful relations. That would be the most disastrous of unintended consequences, and must give us pause as we consider this step.

Third, the cost of this initiative is anyone's guess, and must compel us to caution as well, particularly considering that the United States already pays a disproportionate share of NATO's costs. If NATO expansion were vital to our national security, then our country would be resolved to pay any price, in President Kennedy's timeless phrase. But we live in a fundamentally different time, one in which each country's security is determined as much by the quality of its schools and the cleanliness of its air and water than by the might of its armies and navies. Committing to an expanded military alliance which may entail far greater costs than the Administration has estimated could diminish our ability to make the investments that will make us safer and stronger.

The Senate had an opportunity, through the amendment offered by Senator HARKIN, to gain a better sense of the size of this financial commitment. I strongly supported that effort. Unfortunately, it did not prevail, and we are left with burning questions about the size of the financial commitment entailed by this treaty, and the effect that will have on our ability to address those domestic priorities which make us stronger as a nation.

What is true for us is true for these struggling new democracies as well. As Senator MOYNIHAN has pointed out so wisely, these countries are under no immediate threat. Their most pressing challenge is the development of growing economies, and the institutions of democracy. But if they join NATO, these struggling nations will be required to spend billions on the latest in military hardware instead of making critically needed investments in areas that lead to long-term benefit: infrastructure, education, environmental health, and many others.

Decades of a failed communist system left these countries in economic ruin. I believe it is a testament to their energy and determination that they are slowly overcoming this legacy and building up new, vibrant free market economies. We should, in the name of international security, be doing everything possible to help them through this transition.

I do not believe that anyone has properly assessed the impact that joining NATO, and making the necessary investments to participate in that military alliance, will have on our Eastern European friends' ability to continue a successful transition to market economics. And I do not believe we should jump pell-mell into such an enlargement until we have done so.

The democratization of Eastern Europe is an exciting and hopeful development. As a child of the Cold War, I am awed by the transitions we have seen. The United States has a special responsibility to nurture freedom wherever it is seeking to plant its roots. But in the final analysis, it is not clear that extending NATO membership to Poland, Hungary, and the Czech Republic is the best way to do it.

In this case, the burden of proof is on the proponents. We should not take so solemn a step as committing American lives to the protection of another country unless we are absolutely certain, beyond any doubt, that it is the wisest of possible courses. I remain unconvinced, and so I opposed the measure.•

RECOGNIZING PRINCE WILLIAM SOUND COMMUNITY COLLEGE

• Mr. MURKOWSKI. Mr. President, I rise today in support of S. Res. 223, which I introduced yesterday on behalf of myself and Senator STEVENS. Our resolution recognizes the Prince William Sound Community College and its celebration of its twentieth anniversary this Sunday, May 10, 1988.

This is a notable milestone for the College and for the people of the Copper Basin Area. Prince William Sound Community College was established in 1976 as a Learning Center set up by the University of Alaska. It earned community college status just two years later. In 1987, the University of Alaska merged all community colleges in the state into the university system; however, due to overwhelming support from the local community of Valdez, Prince William Sound Community College remained the only individually accredited community college in the University of Alaska system.

Today, after 20 years, the student body of the college has grown to nearly 2,000 students, and the college is a recognized leader in the University of Alaska system.

Mr. President, I commend the Prince William Sound Community College for its 20 years of exceptional service to the people of Alaska and look forward to many more years of growth and contributions to the culture and economy of Alaska.•

• Mr. STEVENS. Mr. President, I join Senator Murkowski as a co-sponsor of this Senate resolution commending the Prince William Sound Community College, which is located in Valdez, Alaska, as it celebrates its twentieth anniversary.

In 1971, concerned citizens of Valdez and in the neighboring town of Cordova petitioned the University of Alaska to establish extension offices in each of these communities. In 1976, a Learning Center was established in this area. Community college status was granted in 1978 and the centers officially became known as Prince William Sound Community College.

In 1989, the College received accreditation from the Commission on Colleges of the Northwest Association of Schools and Colleges and has maintained that status. Since that date, the College has established several new programs, such as the Prince William Sound Community College Theater Conference, which attracts nationally-known dramatists; the Industrial Safety/Marine Response Training Department; a wellness center; and a television station.

The University of Alaska merged all community colleges into the university system in 1987. Prince William Sound Community College has remained the only individually-accredited community college in the system because of the continuing strong support from the City of Valdez. The University of Alaska's Board of Regents has recognized the growth and accomplishment of the College by approving several new degree and certificate programs.

In twenty years of existence, Prince William Sound Community College has developed into a recognized leader in the University of Alaska system and continues to serve Prince William Sound and the Cooper Basin area as a comprehensive community college intent on life-long learning.

I urge other Senators to help us pass this resolution to commend the Prince William Sound Community College for these accomplishments in conjunction for these accomplishments in conjunction with its 20th anniversity on May 10, 1998.•

THANKING OUR NATION'S CORRECTIONS OFFICERS

• Mr. TORRICELLI. Mr. President, I rise today to thank our nation's Corrections Officers for their selfless dedication to rehabilitating those members of our society who have strayed from the path of the just. I would especially like to recognize the 5,500 members of the New Jersey State Corrections Officers Association whose daily work allows our children to grow in an environment unfettered by criminal elements. These courageous men and women risk their lives on a daily basis and deserve to be recognized for their efforts on our behalf.

Although Corrections Officers play a critical role in safeguarding our communities from convicted felons, they receive very little public recognition for their work. When a felon is apprehended the police receive the credit for the arrest and the prosecuting attorney is praised for proving the felon's guilt. Juries are hailed as courageous and the judges imposing sentences are lauded for their commitment to justice. Once the trial process is completed and a felon is convicted, that person goes to prison and is forgotten

by mainstream society. However, Corrections Officers are not allowed to forget because they deal with convicted felons on a daily basis. From rehabilitating to guarding those people who have forfeited their rights to live in our communities, Corrections Officers find themselves in high risk situations every day.

In a society that believes in the fundamental importance of law and order, it is important to remember the people who help those principles flourish. By ensuring that inmates are rehabilitated before re-entering our communities, Corrections Officers are disciplinarians and teachers. They impose the will of the people while teaching criminals about the need to adhere to the law. Clearly, there are formidable obstacles to these endeavors, and I am continually impressed by the way these officers persevere in spite of the difficulties they encounter. In a criminal justice system that places an ever increasing amount of pressure on Corrections Officers to be infallible, they maintain a consistently positive and professional attitude towards their jobs.

The men and women who work as Corrections Officers in our nation's prisons should be celebrated for their commitment to their communities. I am privileged to recognize their efforts and I encourage my colleagues to do so as well.•

RECOGNITION OF REVEREND TED B. COMBS

• Mr. FAIRCLOTH. Mr. President, I rise to pay tribute to Reverend Ted B. Combs who recently stepped down as Pastor of the Oak Ridge Baptist Church. For 27 years, Reverend Combs faithfully led his congregation and selflessly gave to his community. His wife, Doris, and he have dedicated their lives to the service of God.

Oak Ridge Baptist Church is located in Wilkes County, North Carolina, in the western part of the state. Reverend Combs was born and raised in these parts not far from the church that he would one day pastor. He has been an integral part of the community since attending the local high school, Mountain View. As an adult in Wilkes County, Reverend Combs has served the community in numerous positions including board member of the Wilkes County Nursing Home and honorary member of Mountain View Ruritan.

The greatest testament, however, to Reverend Combs' stature in and respect among the community is given through those that live there. Wilkes County has a population of a little more than 60,000 citizens, and one would be hard pressed to find anyone who didn't speak kindly of Reverend Combs. His work in Wilkes County has touched the lives of so many.

I'm proud to recognize the achievement of Reverend Ted B. Combs before the United States Senate and privileged to call him a fellow North Carolinian.•

MILITARY HEALTH CARE

Mr. CLELAND. Mr. President, one of my proudest honors as a United States Senator is to serve as the Ranking Member on the Personnel Subcommittee of the Senate Armed Services Committee. It is in this capacity that I feel I can contribute to supporting the men and women in our Armed Forces.

Last week I introduced a military health care proposal which I referred to as KP Duty, as in "Keeping Promises Duty." In the military, KP stands for "kitchen police" which is a term for messhall clean up which recruits are tasked to do when they go through basic training. This KP duty I am proposing is for all of us to clean up a commitment—the promises made to our servicemen and women.

The Fiscal Year 1998 National Defense Authorization Act (P.L. 105-85) included a Sense of the Congress Resolution which provided a finding that "many retired military personnel believe that they were promised lifetime health care in exchange for 20 or more years of service." Furthermore, it expressed the sense of Congress that "the United States has incurred a moral obligation" to provide health care to members and retired members of the Armed Services and that Congress and the President should take steps to address "the problems associated with the availability of health care for such retirees within two years." I authored that resolution, and today in year one of this two-year challenge, my friend and colleague, Senator KEMPTHORNE, Chairman of the Personnel Subcommittee of the Senate Armed Services Committee, and I are ready to take the initial steps in fulfilling this obligation to our retirees.

In March, I hosted a military health care roundtable at Fort Gordon, Georgia. The positive and supportive working relationship between the Eisenhower Army Medical Center and the Veterans Administration Medical Center in Augusta, Georgia was highlighted by the panel speakers and audience members. These facilities have established a sharing agreement which allows each to provide certain health care services to the beneficiaries of the other. This type of joint approach has the potential to alleviate a significant portion of the accessibility problem faced by military retirees, especially given the reduction in DoD medical treatment facilities. In spite of these benchmarked efforts in cooperative care, beneficiaries who were in the audience still attested to insufficient accessibility to resources to meet their needs. One of the audience participants who was commenting on a health problem stated, "my life isn't the same as it was a year ago, and all I got was shuttled from one thing to another".

In a statement I submitted last week, I discussed a legislative initiative which would require the Department of Defense (DoD) and Department of Veterans Affairs (VA) to work toward enhancing their cooperative efforts in the delivery of health care to the beneficiaries of these systems. This initiative includes several elements to enhance health care efficiencies. It provides for a study which would determine the demographics, geographic distribution and health care preferences and an assessment of the overall capacity of both systems to treat beneficiaries. The second provision would examine existing statutory, regulatory and cultural impediments that are currently precluding the optimal cooperation of DoD and VA in health care delivery. Finally, this initiative provides for the acceleration of several ongoing efforts such as the Electronic Transfer of Patient Information and the DoD/VA Federal Pharmaceutical Steering Committee. This legislative initiative was included in the Fiscal Year 1999 National Defense Authorization Act.

The legislation I wish to discuss today addresses the retirees who are aged 65 and older. The Government Accounting Office reports that of the population eligible for military health care, approximately 52% are retirees and dependents. Seventy one percent of military retirees are under the age of 65, while 29% of military retirees are aged 65 and older.

As we consider options for improving the DoD and VA health care systems, we need to be mindful of some basic facts. About 60% of retirees under the age of 65 live near a military treatment facility while only about 52% the retirees aged 65 and older live near such a facility. About two thirds of retirees under the age of 65 use the military health system. In comparison, only about a quarter of the retirees aged 65 and older use military medical facilities, and then only on a space available basis and primarily for pharmacy services.

According to a 1994-95 survey of DoD beneficiaries, just over 40 percent of military retirees, regardless of age, had private health insurance coverage. About a third of retirees aged 65 and older also reported having additional insurance to supplement their Medicare benefits. This is in part, due to their belief that the military health care system would take care of their needs throughout their lifetime.

The Military Health System has changed dramatically in recent years. The collapse of the Soviet Union and the end of the Warsaw Pact led to a major reassessment of U.S. defense policy. The DoD health care system

changes have included the establishment of a managed care program, numerous facility closures, and significant downsizing of military medical staff. In the last decade, the number of military medical personnel has declined by 15 percent and the number of military hospitals has been reduced by one-third. The Fiscal Year 1994 National Defense Authorization Act directed DoD to prescribe and implement a nationwide managed health care benefit program modeled on health maintenance organization plans and in 1995, beneficiaries began enrolling in this new program called TRICARE. With over 8 million beneficiaries, it is the largest health maintenance organization plan in the Nation.

One of the problems with TRICARE is what happens to retirees when they reach the age of 65. At that point, they are no longer eligible to participate in any TRICARE option. The law currently provides for transition from military health care to Medicare for these beneficiaries.

Mr. President, this is not the right solution, especially given the fact that Medicare does not currently reimburse the DoD for health care services, although Congress recently authorized a test of this concept, nor does Medicare include a pharmacy benefit. In addition, as the military begins to close and downsize military treatment facilities, retirees aged 65 and older are unable to obtain treatment on a space available basis. These retirees are, in effect, being shut out of the medical facilities promised to them.

The Medicare Subvention demonstration project that is scheduled to begin enrollment in the near future will only benefit retirees who live near military treatment facilities—which is only about half of all retirees. Those retirees living outside catchment areas won't even benefit from subvention. Additionally, there are ongoing efforts to initiate a Veterans Affairs Subvention test. The limiting criteria of these tests is that they require beneficiaries to live near the respective treatment facilities. To accommodate those beneficiaries who do not live near treatment facilities or within a catchment area, we must explore other alternatives, including, the Federal Employees Health Benefits Program (FEHBP) option that has received so much attention recently.

There has been an overwhelming outpouring of support for offering FEHBP to military retirees. Although this program has achieved a successful reputation among federal employees, it is a very costly alternative which deserves close scrutiny, along with other health care options. I appreciate the fact that there are many advantages to FEHBP. Furthermore, I share the view that health care for military retirees should be at least as good as the health care we in the Congress afford ourselves.

However, there may be other options, or a combination of options that will allow us to keep our promises with our older retirees in a fiscally responsible manner. The option I am about to discuss is included in the Fiscal Year 1999 National Defense Authorization Act. Senator DIRK KEMPTHORNE, Chairman of the Personnel Subcommittee of the Senate Armed Services Committee, and I have worked closely on this issue over the past several months. Under his leadership, the Personnel Subcommittee held hearings on this issue which included testimony by the service Surgeons Generals, the Acting Assistant Secretary of Defense for Health Affairs, and representatives from military associations. Together, we have developed a plan to assist the Nation in meeting our obligation to the military retirees.

This legislation requires demonstrations to be conducted of three health care options: the Federal Employees Health Benefits Program (FEHBP), TRICARE Standard (which replaced the Civilian Health and Medical Program of the Uniformed Services or CHAMPUS), and Mail Order Pharmacy. Two different sites will be selected for each of the respective demonstrations.

Through FEHBP, military retirees could choose from different plan options. As with active and retired federal employees, military retirees who enrolled would be required to pay a premium. The amount of the premium would vary depending on which plan was chosen and the government and beneficiary share in the cost of the selected plan.

The TRICARE Standard option would be to extend the current coverage beyond age 64. Under this extension, the TRICARE Standard would serve as a supplemental policy to Medicare, covering most out-of-pocket costs not covered by Medicare. Even though this proposal would require retirees to enroll in Medicare part B, retirees should experience lower out-of-pocket costs. Because TRICARE Standard is an established program within DoD, the existing infrastructure could be used without significant increase in administrative costs.

Finally, the Medicare program does not provide coverage for outpatient prescriptions, a major expense for older people, who tend to use more prescription drugs. Military retirees can get prescriptions filled at military treatment facility pharmacies, but these facilities are not readily accessible to all older retirees. Expanding this mail order benefit to those who do not live near military facilities and do not currently have a mail order benefit would fill an important health care coverage gap. This would be the third demonstration.

The demonstrations will be scheduled to conclude within the same time frame as the ongoing Medicare Subvention test, approximately January 1, 2001, so all the test results can be simultaneously compared in determining the best option or combination of options to accommodate the retirees aged 65 and older.

Mr. President, as you know, S. 1334, a bill to provide for a test of FEHBP has 60 cosponsors. We agree that FEHBP warrants further examination which is why we have included it in the Committee's legislative proposal. We are very committed to finding the right solution to this shortcoming which is why we feel that evaluating several options is critical in this decision process. The proposal included in the Defense Authorization Act is far more comprehensive than S. 1334. At the end of these demonstrations, we would have extensive data upon which we could base an informed decision regarding the best way for our Nation to provide health care to those who have earned it through the sacrifices inherent in military service.●

PRESIDENT CLINTON'S ULTIMATUM TO ISRAEL

Mr. MACK. Mr. President, President Clinton's ultimatum to Israel regarding proposals to withdrawal from the West Bank to secure the peace process is wrong and should be abandoned. What business is it of the United States to give an ultimatum to a democratically elected people regarding their own security interest? We should not publicly pressure an ally to violate their own security assessment. This is not a matter for Washington to decide, but rather for the Israeli people to decide.

The deadline imposed on Israel by the Administration removes any incentive for Palestinian President Yasser Arafat to negotiate. The United States should encourage direct negotiation, not dictate the agenda. We need to exercise patience to reach a lasting peace, not risk Israeli security.

Mr. President, the Middle East peace process is taking place in a complex environment; caution—not irresponsible bravado—is required. There is no question that everyone involved wants peace in the Middle East. Yet, we must ask if our current actions are leading Israel and the Palestinian people toward security and freedom, or further from it. Putting pressure upon the people of Israel, forcing them to violate their own security needs, works against peace.

The Middle East continues to be defined by suspicion, hatred, and a continuing arms race. Terrorism's presence can be felt everywhere— in the markets and in the streets and cafes. And while much of the Arab world enters modernity, liberalizing economies and governments, radical Islamic extremism also grows. Anti-Semitism and the anti-Israeli refrain has not yet

ceased to be heard through the souks and bazaars of the Middle East. This hatred is unfortunately a very real, very frightening, part of daily existence for the Israeli people.

Over the past several months of bipartisan discussions and personal dialogue with the administration, I've concluded two things. First, America can continue to play a vital role in the peace process, but our role must be limited to mediator and facilitator. Second, in spite of this administration's good intentions, the United States is currently trying to lead the talks toward a false goal—the Israelis understand this and resist. The President must understand that peace through ultimatum may get him an agreement, but an agreement which may provide a risky and false peace.

A lasting and secure peace represents the only worthy goal. And if this means that we wait and demonstrate patience and not arrogance, then we should. The U.S. will eagerly take a share of the credit for a successful agreement, but we must remember—we do not pay the price of failure. The price of failure will be paid by the Palestinian and Israeli people, who will continue to live in fear of another bus bombing in the city center, of their children being targeted in buses and cafes.

50TH ANNIVERSARY OF THE STATE OF ISRAEL

• Mr. LIEBERMAN. Mr. President, I rise today to join those in this Chamber and around the globe who have spiritually linked arms to celebrate the 50th Anniversary of the establishment of the State of Israel. I am particularly happy to see that the people of my own hometown of Stamford, Connecticut have seen fit to join in the international chorus of voices commemorating this milestone.

After the horrors of the Holocaust, the establishment of the State of Israel represented a significant turning point. The world community denounced an endemic hatred that had led to the decimation of a people and in doing so, set the stage for the renaissance of a culture that had been without a home for nearly two thousand years. The time of tribulation had passed and Jews were, at long last, reunited with their ancestral homeland.

Israel and the Old City of Jerusalem represent both the current state of humanity and the heights to which we can aspire. We have been taught that long ago, Israel was a gift to Abraham and his descendants, a token of thanks for his faithfulness. Since that time, Judaism, Christianity, and Islam have each governed this land and each religion has developed a spiritual stake in the land. These religions have lived in neighboring and even overlapping communities for half a century, yet peace and security have remained elusive. We have recently begun to see the first opportunities for a lasting peace. When this opportunity is fully realized, Israel will truly stand as both symbol and reality that the forces that bind us together are far greater than the forces that seek to divide us.

The Jewish Community Center in Stamford will be holding its celebration on May 17, 1998. I am happy to join them and the millions of others who have lifted their voices in commemoration of this very important landmark.•

HONORING THE UNITED JEWISH FEDERATION OF STAMFORD ON ITS 25TH ANNIVERSARY

• Mr. DODD. Mr. President, this month, the world's eyes are on the State of Israel as it celebrates the 50th Anniversary of its independence. I want to take this opportunity to congratulate and praise the people of Israel on this historic occasion.

Many centuries ago, Isaiah prophesied that Israel would become "a light unto the nations." Today, Israel's light is shining brightly—not only for its citizens, but for people throughout the world. This nation arose from the ashes of the Holocaust and has given the Jewish people of the world a permanent homeland.

The modern State of Israel has faced many obstacles in its short life, but it has survived them all, and in fact excelled in spite of them. Its population has grown from 600,000 in 1948 to nearly 6 million today as it has absorbed waves of immigrants from all over the globe. It is a vibrant democracy, with free and open elections and a free press. Despite a shortage of natural resources and many other obstacles, it has developed a thriving economy. And from this small nation, we have seen countless acclaimed writers, artists, and musicians.

Israel has also shared a special relationship with the United States. Over the years, our nations have stood together to preserve Israel's safety and security, and I want to take this opportunity to join my fellow Americans in pledging our continued support for this trusted ally.

This is also a time of celebration for members of the American Jewish population. Festivities are being held all across the country, and in my state of Connecticut, the United Jewish Federation and the Jewish Community Center of Stamford will hold a community-wide festival to commemorate the 50th anniversary on Sunday, May 17th. There will actually be another special event in Stamford the previous Thursday.

On May 14th, the United Jewish Federation of Stamford will celebrate its 25th Anniversary. Throughout the years, the UJF has played a vital role in building and maintaining a sense of unity among Stamford's Jewish community. They have helped to promote and enrich Jewish life in the area by coordinating educational, social and philanthropic activities. They have also worked to defend the political and religious rights of the Jewish people, not only in Connecticut, but around the Nation, in Israel, and throughout the world.

The UJF of Stamford's stated mission is to create a community based on the Jewish ideal of "tzedakah": charity, righteousness and social justice. Well, I would say that their works and actions have clearly embodied these three principles. I want to personally thank them for all that they have done to strengthen and improve both their community and our state, and I offer my sincere congratulations to them on this joyous anniversary.•

PUBLIC SERVICE RECOGNITION WEEK

Mr. SARBANES. Mr. President, I am pleased to join the President, Vice President, and my colleagues in Congress in recognizing the significant contribution of all public employees to our Nation's well-being. This week, from May 4 through May 10, is Public Service Recognition Week and today begins a three-day celebration of events on the Mall designed to highlight the creative, innovative and effective government programs serving Americans across the country.

I am indeed proud to bring special attention to the dedicated individuals who have chosen public service as a career and who, through years of hard work, have helped to contribute to our Nation's growth and prosperity. Their important work includes protecting our Nation, keeping our food supply safe, participating in medical and scientific research, and maintaining highway and air safety.

The excellent service provided by Federal employees often goes unrecognized and it is only when these services become necessary for an individual or when the services are unavailable—as we experienced just 2 years ago during the shutdown of the Federal Government—that people truly appreciate the importance of Federal employees. It is with this in mind that I want to again thank and praise the millions of men and women in the Federal workforce who perform these important jobs every day.

I view public service as an honorable career and a high calling, and I am proud that our Government has such a conscientious and highly qualified workforce. Despite previous attempts to undervalue the ideals which make public service rewarding and attractive to many, Federal employees continue to work positively and responsibly, while accomplishing many vital tasks. President Kennedy once stated:

Let the public service be a proud and lively career. And let every man and woman who works in any area of our nation's government, in any branch, at any level, be able to say with pride and honor in future years: 'I served the United States Government in that hour of our Nation's need.

The Nation has unquestionably benefitted from the many wonderful achievements of Federal employees. In setting aside this week to acknowledge our Nation's public servants, we all have an opportunity to give these employees the thanks and recognition they so greatly deserve. I am very pleased to extend my appreciation to such a worthy an committed group of men and women and encourage them to continue in their efforts on behalf of all Americans.•

WE THE PEOPLE . . . THE CITIZEN AND THE CONSTITUTION

• Mr. LAUTENBERG. Mr. President, I rise today to congratulate the students of East Brunswick High School, national champions of the We the People . . . The Citizen and the Constitution. This program, administered by the Center for Civic Education and funded by the Department of Education, is the most extensive educational program in the country developed specifically to educate young people about the Constitution and the Bill of Rights. Competing against 50 classes, the East Brunswick High School students demonstrated their superior knowledge of the Constitution in 3 days of simulated Congressional hearings in which students were required to apply constitutional principles and historical facts to contemporary situations.

These young scholars worked diligently to reach and win the national finals by winning local competitions in my home State of New Jersey. I am proud to recognize the distinguished members of the class representing New Jersey:

Mian Amy, Michael Carr, Daniel Cohen, Michael Cohen, Stacie Dubin, Andrea Feit, Naomi Finkelstein, Christian Forsythe, Hillary Gallanter, Gina Gancheva, Heather Gershen, Brett Gursky, Denise Heitzenroder, Rachel Katz, Terry Lin, Jonathan Meer, George Mossad, Amanda Rosen, Joel Pruce, Niyati Shah, Naseer Siddique, Michael Sturm, Robert Thompson, Howard Wachtel, Ari Waldman, Jamie Yonks, Joanna Young.

I would also like to recognize their teacher, John Calimano, who deserves much of the credit for the success of the class. The district coordinator, Robert Strangia, and the state coordinator, Evelyn Taraszkiewicz also contributed a significant amount of time and effort to help the class win the national finals.

I commend these constitutional experts for their great achievement.•

APPOINTMENTS BY THE PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The Chair, on behalf of the President pro tempore, pursuant to Public Law 100–696, appoints the following Senators as members of the United States Capitol Preservation Commission:

The Senator from Washington (Mr. GORTON)

The Senator from Utah (Mr. BENNETT).

MEASURE READ FOR THE FIRST TIME—H.R. 3717

Mr. ENZI. Mr. President, I understand that H.R. 3717 has arrived from the House and is at the desk. I now ask for its first reading.

The PRESIDING OFFICER. The clerk will read.

The legislative clerk read as follows:

A bill (H.R. 3717) to prohibit the expenditure of Federal funds for the distribution of needles or syringes for the hypodermic injection of illegal drugs.

Mr. ENZI. I now ask for its second reading and object to my own request.

The PRESIDING OFFICER. The bill will remain at the desk.

ORDERS FOR FRIDAY, MAY 8, 1998

Mr. ENZI. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 9:30 a.m. on Friday, May 8. I further ask unanimous consent that on Friday, immediately following the prayer, the routine requests through the morning hour be granted and the Senate then begin a period for morning business until 12 noon, with Senators permitted to speak for up to 10 minutes each, with the following exception: Senator JEFFORDS, 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ENZI. Mr. President, for the information of all Senators, tomorrow morning at 9:30 a.m., the Senate will be in a period for morning business until 12 noon. Following morning business, the Senate will attempt to enter into several time agreements with respect to energy legislation and may confirm any Executive Calendar nominations that can be cleared for action. As a reminder, no votes will occur during Friday's session.

On Monday, May 11, the Senate may consider the agriculture research conference report along with a number of so-called high-tech bills. The Senate may also begin consideration of S. 1873, the missile defense bill. However, no votes will occur during Monday's session.

On Tuesday morning, May 12, the Senate will attempt to reach a time agreement on the D'Amato bill regarding inpatient health care for breast cancer. The Senate will also resume and attempt to complete action on any high-tech bills not completed on Monday. Any votes ordered to occur with respect to the agriculture research conference report and the high-tech bills will be postponed, to occur on Tuesday, May 12, at noon. Also, it will be the leader's intention to begin consideration of the Department of Defense authorization bill during the latter part of next week.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. ENZI. Mr. President, if there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 7:46 p.m., adjourned until Friday, May 8, 1998, at 9:30 a.m.